

Pension News

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

Winter 2018/19

Inside you can find the usual facts and figures summarising how the Scheme has developed over the reporting year.

On pages 7-8 we report on the Scheme's latest funding position following the outcome of the funding update at 31 December 2017. The headline is that the funding position has improved over the year.

We also cover a selection of topical pension news items which you may find relevant, and on page 5, we include a useful article on financial advice, with tips on how to find an adviser and what questions to ask.

Although the date that the UK will leave the EU gets ever nearer, the detail and shape of Brexit remain unclear. The Government is negotiating with the EU on the type of break the UK can achieve and uncertainty remains. As Trustee Directors, we will continue to manage the Scheme to the highest of standards.

I hope you find this latest issue interesting. If there are topics you would like us to cover in a future issue, please get in touch. The contact details are on page 6.

Susan Anyan, representing Capital Cranfield Pension Trustees Limited

Chair of the Trustees

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In numbers






The membership

At 31 December 2017 there were 353 members in the Scheme compared with 360 members at 31 December 2016.

263	Deferred members - no longer building up benefits but have benefits in the Scheme for when they retire.
90	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 6.

The value of the assets supporting the Scheme at 31 December 2017	£88.2million	
Net return on the investments over the reporting year	£7.1million	
The total value of contributions paid in to the Scheme during the year	£1.9million	
The total value of benefits paid to members during the year	- £2.6million	
The total expenses incurred during the year	- £0.5million	

Investment update

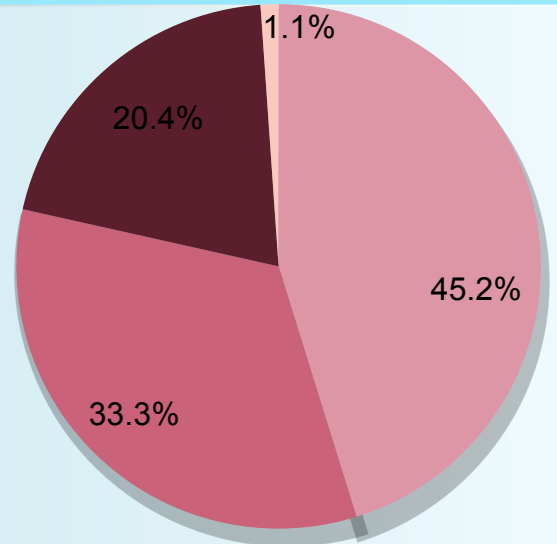
As Trustee Directors, it is our responsibility to decide on the overall investment strategy and to make changes as and when appropriate. We work closely with our investment advisers and we keep a close eye on how the funds are performing.

Asset allocation

At 31 December 2017, the Scheme held assets of £88.2m compared with £82.5m at the 31 December 2016.

The chart adjacent shows how the Scheme's investments were allocated at 31 December 2017, across asset types.

- Matching assets 45.2%
- Equity 33.3%
- Alternatives 20.4%
- Cash 1.1%



Performance

Performance of the Scheme's investments to 31 December 2017 are summarised below:

1 year	9.8%
3 year p.a.	14.3%

GMP equalisation in the High Court

You may have seen in the news that there has been a High Court ruling regarding the equalisation of Guaranteed Minimum Pensions (“GMPs”). Set out below is a brief summary of how this complex issue may affect you.

Does this ruling affect me?

The judgment only applies to benefits built up between 17 May 1990 and 6 April 1997. Only members or their dependants with pensions built up over this period will be affected. The ruling affects men and women, and both pensioners and members who have yet to draw their pension.

The Trustees and Company are working with their advisers to understand how this ruling affects the Scheme. This judgment is complex, dealing with almost 30 years of uncertainty and we want to get this right. There is also the possibility of an appeal, and the Government has said it intends to publish further guidance. The process will take time.

Once we know more, we will contact all affected members with details. In the meantime, we are conscious that there has been lots of coverage in the national press, not all of it accurate.

How much money am I going to get?

Contrary to much of the press coverage, we expect many individuals to see little or no increase in the value of benefits. There are a few reasons for this:

- GMP often only makes up a small part of an individual's pension and so the amounts involved in addressing any inequality are likely to be small.
- Many members will receive no increase as they have not been disadvantaged by the way their benefits have been treated.
- Many members won't have benefits built up within the Scheme between 17 May 1990 and 6 April 1997.

Will I need to pay any of my pension back?

No. You will not have to pay back any pension that you have already received following this ruling. Equalisation requires an improvement to the benefits of members who have been disadvantaged – not the other way around.

Why hasn't this already been dealt with?

The way that GMP works is set out in legislation and is very complicated. Over a number of years, the Government has made suggestions as to how the differences between men and women could be addressed, but it wasn't clear whether any action was required or whether the possible solutions would work from either a practical or legal perspective. This court case confirms action is required and gives some clarity on what schemes can do to put things right going forwards. There is still more clarity required.

Do I need to do anything to claim my benefits?

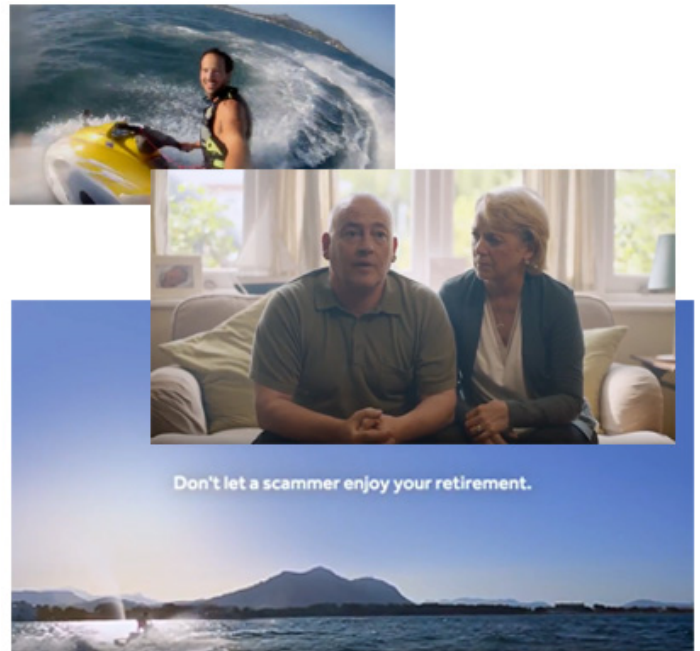
Not now. We are working with our advisers to identify if and how you are affected. Once we know more, we will get back to you with more information. It is the Trustees job to make sure you get the benefits you are entitled to and we are working to make sure that this happens.

Protect yourself from pension fraud

The Pensions Regulator has recently joined forces with the Financial Conduct Authority in producing a TV advert to renew the awareness campaign. If you haven't yet seen it, you can watch it online at

www.youtube.com/watch?v=NeFvYtCaykl.

(or search “Don't let a scammer enjoy your retirement” on YouTube)



The Government is also trying to help tackle the problem by banning cold calling in relation to pensions. It intends regulations to be laid to come into effect as soon as possible.

Remember: only in cases of serious ill health (or if you have a protected pension age) are you able to access your pension savings before age 55.

If someone approaches you with an offer that sounds too good to be true, know what to look for and what your next steps should be.

If you have any doubts about the legitimacy of any offer you receive, speak to an expert before you sign up for anything.

For more information about pension scams and updated guidance on how you can keep your pension safe, visit the Pensions Regulator's website.

Go to www.thepensionsregulator.gov.uk/individuals/dangers-of-pension-scams

For free impartial guidance, phone the Pensions Advisory Service on **0800 011 3797** or visit their website at www.pensionsadvisoryservice.org.uk.

If you think you may be a victim of a pension scam, contact Action Fraud immediately. Phone **0300 123 2040** or go to their website and fill in an online fraud report.

www.actionfraud.police.uk/report_fraud

Please make use of these resources to help you keep your pension safe.

Financial advice

If you wish to take a transfer value from the Scheme, you may wish to seek advice from an Independent Financial Adviser (IFA), who can help you to understand your options. They will require some personal details surrounding your finances and health in order to provide you with the right advice. Indeed, if the transfer value of your benefits is more than £30,000 you must take IFA advice from an appropriately qualified and FCA-approved adviser before your transfer value can be paid.

To help you choose a suitable IFA, we have set out some things to think about.

- 1) You should always be sure that they are appropriately qualified to provide pensions transfer advice. Only individuals qualified as a Pension Transfer Specialist can give advice on pension transfers. You should check the adviser has this qualification.
- 2) Consider the level and experience the adviser has. Look at the service they offer and think about how they will interact with you. Ask them how many transfers from 'defined benefit' pension schemes they have advised on.
- 3) Are you clear on how the IFA will charge for their advice? It is important to make sure that the fees you pay are reasonable. Remember though, that your pension may be the most valuable asset you have, so getting professional advice is important. You may want to ask the following questions before you take advice:
 - *"Can you confirm in pound terms, the fee you receive if I don't go ahead with the transfer, and the fee you receive if I do go ahead with the transfer?"*
 - *"Can you confirm if you will receive or request any ongoing supplementary fees after my transfer is made, and if so, what these are likely to be in pound terms?"*
- 4) Before proceeding with a transfer, it is important that you understand all of your options. There are likely to be a variety of options available to you if you transfer. For example, you could buy an annuity, take all your pension savings as a one-off cash sum, or choose to take income over a period of time. Your adviser should provide you with a written recommendation as to whether you should transfer, and if they think that you should do so, which option they recommend for you (along with details as to how they have reached their recommendation).

21st century Trustees

The Pensions Regulator is carrying out a campaign to make clear what their expectations are on those responsible for managing a pension scheme effectively. It is designed to drive up governance standards by being clearer and more directive about the standards it expects of trustees and the action it will take if they do not meet these standards. The Trustee Director take the governance of the Scheme very seriously and are reviewing our governance processes to ensure that they remain fit for the 21st century.

The Pensions Ombudsman

Until recently, the first port of call for free and impartial guidance, including resolving complaints, was the Pensions Advisory Service (TPAS) before Pensions Ombudsman involvement.

Earlier in the year, TPAS transferred its role in the process to the Pensions Ombudsman. This means that all formal disputes that we are not able to deal with within a pension scheme are now dealt with in one place, making the process more efficient for everyone concerned.

To find out more about the Pensions Ombudsman, go to

www.pensions-ombudsman.org.uk.

More information

To find out more about the Scheme, please go to www.bridonpensions.co.uk.

For more general information on pensions and saving for retirement, the following websites are useful resources.

www.moneyadviceservice.org.uk

The Money Advice Service provides general advice on all money matters including pensions and finding an independent financial adviser.

www.gov.uk

The Government's website features a section 'Working, jobs and pensions', which includes a State Pension Age calculator.

www.pensionwise.gov.uk

The Government's guidance website explains the flexible DC retirement options.

If you have a concern about your benefits, contact the Early Resolution Team:

Go to www.pensions-ombudsman.org.uk/our-service/make-a-complaint

Phone: **0800 917 4487** and select the option to discuss a potential complaint

Email: helpline@pensions-ombudsman.org.uk

Contact point

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

Email: bridonpensions@aonhewitt.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

Behind the scenes

During 2018 there were some changes to the Trustee Board. The Company appointed S Anyan from Capital Cranfield Pension Trustee Limited as an independent Company Nominated Trustee Director. The Company also concluded that in order to support its objective of efficient operations and decision making, it would prefer to have a smaller Trustee Board. As a result Duncombe, J Hendley and E Rutter were removed as Trustee Directors. G Cook has subsequently replaced H Taylor-Toone on the Board. We would like to thank M Duncombe, J Hendley, E Rutter and H Taylor-Toone for the support they have provided to the Scheme.

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.

The Board is made up of a Company-appointed Trustee Director, member-nominated Trustee Directors and an Independent Trustee Director.

Company-appointed	Member-nominated	Independent
G Cook	G Dallard G Peters	S Anyan, Chair, representing Capital Cranfield Pension Trustees Limited

We also appoint professionals to support us on areas of particular expertise.

Administrator	Aon Hewitt Limited
Actuary	A Shah, Aon Hewitt Limited
Auditor	Ernst & Young LLP
Legal Adviser	Squire Patton Boggs (UK) LLP

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 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.

You can download a blank Expression of Wishes form from the Scheme website.

Taking advice

If you would like advice about your retirement plans, we recommend you speak with an independent financial adviser (IFA). You can find an adviser in your area by searching the Money Advice Service directory at

<https://directory.moneyadviceservice.org.uk/en>.

Before you appoint anyone, you should check that the adviser is suitably qualified and authorised.

You can do this online at <https://register.fca.org.uk> or by phoning the Financial Conduct Authority helpline, **0800 111 6768**.

GDPR

As you may be aware the General Data Protection Regulation (GDPR) came into force on 25 May 2018. As the Trustees of the Scheme, we hold certain information about you, in our capacity as data controllers, for the proper handling of all matters relating to the Scheme, including processing of benefits. The Trustee Directors have embarked on a detailed exercise earlier in the year to ensure that adequate procedures are in place to ensure your data is used appropriately and kept secure.

Summary Funding Statement

This section summarises the results of the funding update at 31 December 2017. It also shows the results from the last actuarial valuation at 31 December 2016. 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 2016.

	Annual Actuarial Update	Actuarial Valuation
Date	31 December 2017	31 December 2016
The funding level	99%	93%
The funding target	£88.8 million	£88.1 million
The value of the Scheme's assets*	£88.1 million	£82.3 million
The overall position	Shortfall of £0.7 million	Shortfall of £5.8 million

*this excludes the value of the Scheme's Additional Voluntary Contributions (AVCs). The value of the Scheme's AVCs as at 31 December 2017 was £0.1M.

The latest update shows that the funding level has improved since the valuation at 31 December 2016.

The next financial check will be based on the Scheme's position at 31 December 2018. 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

- The value of assets has increased, mainly due to positive investment returns over the period, as well as Company contributions being made to the Scheme.
- However, this is partially offset by the value of the liabilities increasing, mainly because gilt yields have fallen. Although expectations for future inflation have decreased, the fall in gilt yields has had a greater impact.

In combination, this has led to a reduction in the shortfall over the year.

Summary Funding Statement

Removing the shortfall

As part of the valuation at 31 December 2016, we agreed with Bridon International Limited (the Company) to bring the Scheme to a fully funded position. This is known as a 'recovery plan'. The Company agreed to pay:

- £158,333 per month from 1 January 2017 to 31 December 2017 (12 months);
- Nil from 1 January 2018 to 31 December 2018 (12 months); and
- £62,500 per month from 1 January 2019 to 31 August 2021 (2 years 8 months).

These contributions and anticipated investment growth are expected to remove the shortfall by 31 August 2021.

In addition, the Company pays:

- All administration costs, excluding the Pension Protection Levy, subject to a cap of £0.33M per annum.

The next formal valuation will look at the Scheme's position at 31 December 2019. This will include working out if the recovery plan is on track or if changes need to be agreed.

If the Scheme came to an end

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

- The 'ongoing' basis, 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 valuation. 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 2016, the Scheme's full solvency funding level was 58% with a shortfall of £59.9 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 and we can confirm that there have not been any such payments in the last 12 months, other than reimbursing the Company for administration costs in excess of the £0.33M per annum cap.

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.

