

Bridon Group (2013) Pension Scheme Newsletter

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

Autumn 2020

In this issue

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

We include the headline figures from the Scheme's Annual Report & Accounts, and an update on how the investments have performed.

We also report on the Scheme's latest funding position following the results of the valuation at 31 December 2019.

Away from the Scheme, we include a feature on the increasing threat of cybercrime and how you can help to protect yourself. We provide an update on the Brexit situation and we summarise the Pension Schemes Bill that was reintroduced to Parliament in January. We also report on the extra checks trustees must undertake when verifying defined benefit to defined contribution transfers.

Meanwhile, the coronavirus pandemic continues to have a significant effect on the global economy. Please be assured that, as Trustees, we are monitoring the situation closely and taking all possible steps to mitigate any impact on the Scheme.

Please do get in contact if you have a query about the Scheme or your benefits. 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



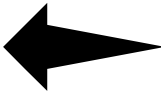


The membership

At 31 December 2019 there were 328 members in the Scheme compared with 339 members at 31 December 2018.

219	Deferred members - no longer building up benefits but have benefits in the Scheme for when they retire
109	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 2018	£81.4M	
The increase in the value of the assets over the reporting year	£12.1M	
The total value of Company contributions paid in to the Scheme during the year	£0.8M	
The total value of benefits paid to members during the year	-£4.2M	
The value of the assets supporting the Scheme at 31 December 2019	£90.1M	

Investment update

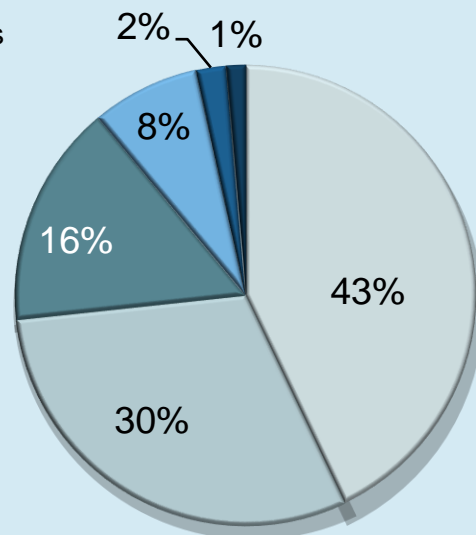
As Trustees, it is our responsibility to decide on the overall investment strategy, and to make changes as and when appropriate. We work closely with our investment advisers and we keep a close eye on how the funds are performing.

Asset allocation

At 31 December 2019, the Scheme held assets of £90.1M compared with £81.4M at 31 December 2018.

The chart adjacent shows how the Scheme's assets (excluding members' AVC benefits) were allocated at 31 December 2019, across asset types.

- Bonds 43%
- Hedging Component 30%
- Diversified Growth Funds 16%
- Equities 8%
- Cash 2%
- Property 1%



Performance

The table below shows how the Scheme's investments have performed to 31 December 2019.

Performance over the year	Performance over three years (% per year)	Performance over five years (% per year)
15.2%	6.5%	10.4%

You can see that performance was positive over the year to 31 December 2019 as well as over the three-year and five-year periods. At the end of 2019, the Trustees took steps to move some of the Scheme's assets to less risky asset classes following the strong investment performance experienced by the Scheme to help reduce the risk of a deterioration in the Scheme's funding position.

Additional Voluntary Contributions (AVCs)

As you will be aware, the main benefits provided under the Scheme are 'final salary' benefits. Some Scheme members chose to pay Additional Voluntary Contributions (AVCs) to increase their overall level of benefits from the Scheme. AVC benefits are calculated in a different way to the main Scheme benefits, they are 'defined contribution' (not final salary) which means the amount of AVC benefit depends on the amount of AVCs paid in and the investment returns achieved on those AVCs.

The Trustees would like to remind you that it is important to regularly review your investment choices, to make sure they are still suitable for you. If you require further details on your AVC arrangement, please contact the Aon Bridon Team (see page 6 for details).

Protect yourself from cybercrime

Hackers want access to your finances – bank accounts, retirement accounts, loans, etc. Bank accounts are the top target, but retirement accounts are becoming increasingly attractive to fraudsters. This is probably because they are not checked as often as everyday financial accounts, and because they can hold a lifetime of savings.

Financial advisers recommend checking your retirement accounts regularly and to report any unfamiliar transactions.

Individually, we all have a responsibility to protect our own data to reduce the risk of cybercrime. Here are some top tips to help you keep your online data secure.

1. **Use strong passwords.** Make them complex, change them regularly and don't use the same one on multiple sites. In 2019, the UK's National Cyber Security Centre found that '123456' was the most widely used password on breached accounts, followed by '123456789', 'qwerty', 'password', and '1111111'.
2. **Install security software.** There are lots of options when it comes to protecting your devices and software from viruses and other malware. This kind of software is often available at no cost.
3. **Keep your devices and software up to date.** Regular updates can be frustrating, but they are vital to patch any potential flaws cybercriminals look for.
4. **Back up your most important data.** Save your most important online data to an external hard drive or cloud-based storage system.
5. **Lock your devices.** Use the screen lock function on your smartphone and tablets.
6. **Manage your social media settings.** The more you share online the greater the risk, so keep your personal and private information secure on social media.
7. **Strengthen your security on Wi-Fi.** Use a strong password when using public Wi-Fi. It's also a good idea to use a virtual private network (VPN), which will encrypt everything that leaves your device until it gets to its destination.

To find out more about the threat of cybercrime and how you can stay safe, go to: www.getsafeonline.org and www.ncsc.gov.uk.

If you are a victim of cybercrime, report it to Action Fraud, the UK's fraud and cybercrime reporting centre: www.actionfraud.police.uk.

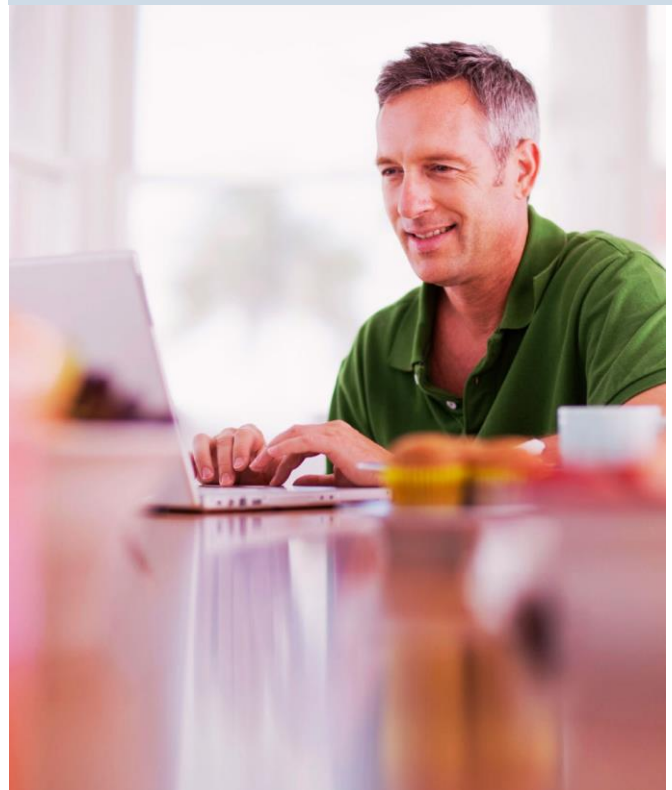
Pension Schemes Bill reintroduced

In January, the Government reintroduced the Pension Schemes Bill to Parliament. (It had been held up due to December's General Election.)

The Bill includes:

- New powers and sanctions to enable the Pensions Regulator to take stronger action where pension schemes are not being run properly.
- Provisions to support online pension dashboards, so that individuals can access details of all their pension arrangements in one place.
- A requirement for trustees of DB plans to produce a statement on their long-term funding and investment strategy.
- Provisions allowing for restrictions on transfer payments, to help prevent pension scams.

The timescale for these measures to come into force has not yet been confirmed – we will keep you updated.



Coronavirus and Brexit update

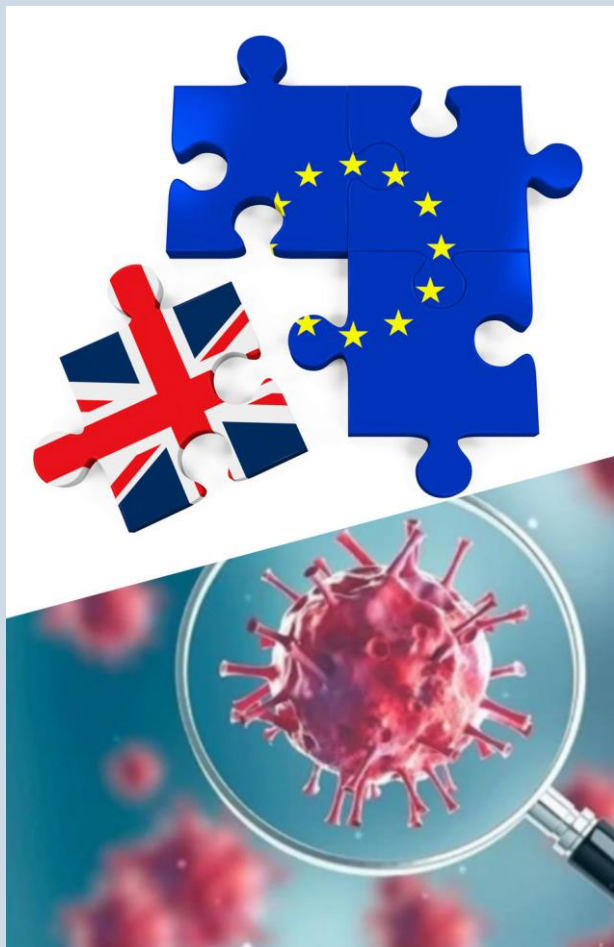
Brexit uncertainty dominated the financial landscape following the outcome of the EU referendum in 2016 – until the coronavirus pandemic.

Following the General Election in December 2019, the European Union (Withdrawal Agreement) Act received Royal Assent on 23 January 2020.

The UK left the EU on 31 January 2020, with transitional arrangements in place until 31 December 2020. This means that the immediate impact of Brexit is currently limited.

However, the coronavirus pandemic is having a significant impact on markets and the wider economy.

As Trustees of the Scheme, we continue to monitor both issues as they develop. We also have robust strategies in place to ensure the efficient day-to-day running of the Scheme and ensure that members are able to access the services they need.



Changes to the tapered Annual Allowance

The Annual Allowance is the total amount of pension savings you can make each year without incurring a tax charge. For the 2020/21 tax year, it is £40,000.

A lower, tapered Annual Allowance was introduced from April 2016 for higher earners. Changes to it took effect from 6 April 2020.

The tapered Annual Allowance now applies for anyone with a 'threshold income' of more than £200,000 (up from £110,000) and 'adjusted income' of more than £240,000 (up from £150,000).

The lowest tapered Annual Allowance has reduced from £10,000 to £4,000.

These changes mean that fewer higher earners will be impacted, but those that are may see a reduction to their tapered Annual Allowance.

Threshold income: broadly, your total taxable annual earnings excluding pension savings, less certain reliefs.

Adjusted income: broadly, your total taxable annual income plus the value of pension savings such as employer pension contributions

Remember: it is your responsibility to check how close you are to exceeding the Annual Allowance. If you are unsure of your position, please consider talking to an Independent Financial Adviser (see page 6).

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.

Early Resolution Service

If you have a concern about your benefits, contact the Pensions Ombudsman's 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@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 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**.

Remember: if you would like more information about the Scheme, you can request a copy of the Trustees' Annual Report & Accounts. Contact the administration team using the details on this page.

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.

The Board is made up of Company-appointed Trustees, an Independent and member-nominated Trustees.

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 Solutions UK Limited (formerly Aon Hewitt Limited)
Actuary	A Shah, Aon Solutions UK Limited
Auditor	Ernest & Young LLP
Legal Adviser	Squire Patton Boggs (UK) LLP

Summary Funding Statement

This section summarises the results of the valuation at 31 December 2019. 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 Actuarial updates at 31 December 2018 and 31 December 2017.

	Results of the Actuarial Valuation	Annual Actuarial Update	Annual Actuarial Update
Date	31 December 2019	31 December 2018	31 December 2017
The funding level	108%	96%	99%
The funding target	£83.3 million	£84.5 million	£88.8 million
The value of the Scheme's assets	£90.0 million	£81.3 million	£88.1 million
The overall position	Surplus of £6.7 million	Shortfall of £3.2 million	Shortfall of £0.7 million

The latest valuation shows that the funding level has improved since the update at 31 December 2018.

Reasons for the change

The improvement in the Scheme's funding position has been due to a number of factors, including:

- Strong investment returns;
- Deficit reduction contributions paid by the Company; and
- A reduction in the funding target due to members transferring out of the Scheme and a Parent Company guarantee (see below).

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.

Parent Company Guarantee

As part of the negotiations for the 31 December 2019 valuation, the Company agreed to put in place a Parent Company Guarantee from NV Bekeart SA. The Guarantee provides additional protection of members benefits.

If the Scheme came to an end

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

- The 'ongoing' basis (shown on the previous page), 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.

The results of the 31 December 2019 valuation show the Scheme's full solvency funding level of 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.

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.

