

Newsletter

Winter edition

It's time for the next edition of your **Pensions Review newsletter**. Twice a year, we bring you a mix of pensions news, alongside useful information on the Scheme and Trustees. It's your chance to stay up to date – and we hope you enjoy it.

Tell us what you think

Your opinions matter

New Trustees

Find out more about our two new Trustees

Making the news

What's been making the headlines?

Company matters

Read more about the consultation on changes

A message from the Chairman

Welcome to the winter edition of your **Pensions Review** – it's been a busy six months so we have a number of areas to update you on in this edition.



Christopher Wheeler
Trustee Chairman

I have been pleased to welcome two new Trustees onto the board this year – Norman Dowie who was nominated by the membership, and Åsa Norrie who was appointed by the Company. You can find out more about both Norman and Åsa in this edition.

Stephen Acheson has stepped down as a Trustee and on behalf of the Trustees I would like to thank him for his service to the Scheme.

We'll also be covering a roundup of pension news including new guidance on being ScamSmart, the new Government organisation called the Money

and Pensions Service and an update on the Woodford Equity Income Fund.

There is a summary of our annual report and accounts which includes the latest scheme funding position.

Thank you to all of the members who have taken part in the Defined Contribution (DC) Investment Choices research, we have been progressing with our review and your feedback is vitally important.

We are also currently undertaking some member research into the retirement process with the aim of ensuring we offer the best experience possible to those taking their retirement benefits. You'll hear more about this project in future newsletters.

Remember – if you'd like to read the newsletter online, it's available on slsps.co.uk

We will continue to add all updates to this communication hub as we have seen it growing in popularity with members as an easy way to access scheme information.

Trustee update

During the year, we have welcomed two new Trustees on to the board – Norman Dowie who was nominated by the membership, and Åsa Norrie who was appointed by the Company.



Norman Dowie

Norman joined Standard Life in 1985 and performed various senior roles within Legal up to his retirement in 2019. He was closely involved in all the legal aspects of Standard Life's pension business and its development over that period. One of his roles had been to provide legal support to the employer and the Trustees in relation to the Staff Pension Scheme so he has been involved with the Scheme for

over 30 years. Norman also served on various committees of the Association of British Insurers and the Law Society of Scotland.



Åsa Norrie

With 25 years' asset management experience, 13 at the firm, Åsa has overall responsibility for driving the strategic development of Aberdeen Standard Investments' Global Strategic Alliances programme. Åsa has an MSc (Econ) and spent a number of years successfully building Standard Life Investments' European Business, is a member of our Sustainability Advisory Group and was a board member of our

Swiss entity for many years. Åsa is responsible for the young talent recruitment and development program for SLA's distribution and marketing division. Prior to joining the firm, Åsa has worked at two UK asset management firms managing European equity funds, leading client relationship efforts for UK institutional clients as well as managing global investment consultant relationships.

Annual Report and Accounts - Year ended 31 December 2018

Every year the Trustees are required to prepare a formal annual report and accounts for the Scheme. A full version is available on request by contacting the Secretary to the Trustees (find details in 'How to find out more').

The table below summarises the accounts for the Scheme year ending at 31 December 2018. The figures have been checked, verified, and signed off in July 2019 by our appointed auditors, PwC.

The Scheme's total assets decreased by £293million during the year, from £4.671bn to £4.378bn. The main contributors to this decrease in assets was transfers out from the Scheme (£124m) and investment performance of the assets (£135m). Benefits paid reduced significantly from 2017 to 2018 mainly due to a decrease in transfer values paid, and although investment performance was negative in 2018, relative to the liabilities the funding position improved.

	2018 - Current Year £000			2017 - Previous Year £000		
	DB Section	DC Section	Total	DB Section	DC Section	Total
Net asset at the start of the year	4,535,753	135,640	4,671,393	4,931,303	137,516	5,068,819
What came in						
Company contributions	-	16,112	16,112	-	20,593	20,593
Other income	643	96	739	1,636	163	1,799
<i>Total income</i>	<i>643</i>	<i>16,208</i>	<i>16,851</i>	<i>1,636</i>	<i>20,756</i>	<i>22,392</i>
What went out						
Benefits	(155,937)	(12,182)	(168,119)	(578,425)	(38,254)	(616,679)
Scheme management expenses*	(7,398)	-	(7,398)	(8,972)	-	(8,972)
<i>Total expenditure</i>	<i>(163,335)</i>	<i>(12,182)</i>	<i>(175,517)</i>	<i>(587,397)</i>	<i>(38,254)</i>	<i>(625,651)</i>
Net return on investments						
Investment income	26,620	-	26,620	34,594	-	34,594
Change in market value of investments	(152,104)	(9,582)	(161,686)	155,617	15,622	171,239
Net return on investments	(125,484)	(9,582)	(135,066)	190,211	15,622	205,833
Net asset at the end of the year	4,247,577	130,084	4,377,661	4,535,753	135,640	4,671,393

*This covers administration and investment management expense.

Scheme Funding Update – 2018 position

As at 31 December 2018, the actuary calculated that the Scheme held DB assets of £4.244bn million, against a funding target of £3.469bn. There was, therefore, a surplus of £755 million. This equals a funding level at 31 December 2018 of 122%. More details can be found in the **Summary Funding Statement**.

DC – Review of DC investment choices

As mentioned in the last Newsletter, Barnett Waddingham, the Scheme's DC investment advisers are undertaking a review of the continuing suitability of the current default and the wider fund choices.

We wanted to thank the members who completed the recent DC investment fund survey sharing their views on topics including how they plan to use their DC savings and attitude to risk. These results have been extremely helpful and have all been fed into the overall review.

This review is expected to be completed by Q1 of 2020 and any changes will be communicated during the second half of 2020.

Environmental, Social and Governance (ESG) considerations

In the last Newsletter, we set out what ESG was and that Deloitte, the Trustees' investment advisor, was working with Aberdeen Standard Investments (ASI), the Scheme's investment manager, to understand their ESG principles and how this applied in practice.

This is still work in progress, so you can expect to hear more about this in the future, but the Trustees have published their set of investment beliefs in relation to ESG factors in their Statement of Investment Principles which can be found [here](#).

Review of DC service provision

On a related note, the Trustees have recently published their annual review of the DC service provision and this can be found [here](#).

The review covers:

- The overall quality of scheme governance and management;
- The level and quality of the administration service provided to members;
- The investment options we make available and the charges / costs paid by our members; and
- How well we communicate with you and support you on your retirement journey.

The Trustees have also published [here](#).

- A guide to charges and transaction costs;
- Illustrations of the impact of the charges and transaction costs; and
- The Trustees' Statement of Investment Principles.

As part of our communications strategy, the Trustees are undertaking a survey of members' experience with their retirement journey thus far. We have contacted a sample of recent retirees to ask them for their views.

Company Matters – Benefit Harmonisation

Current employees of Standard Life Aberdeen will be aware that the Company has completed its consultation process with its employees regarding proposed changes available on death in service and disability. These changes came into effect from 1 January 2020 and will only impact current employees and not other deferred or pensioner members of the Scheme.

The power to amend contractual terms sits with the Company. The Trustees' responsibility is therefore to ensure that contractual changes are reflected in appropriate amendments to the Rules. The Trustees will therefore continue to work with the Company to ensure that this is the case.

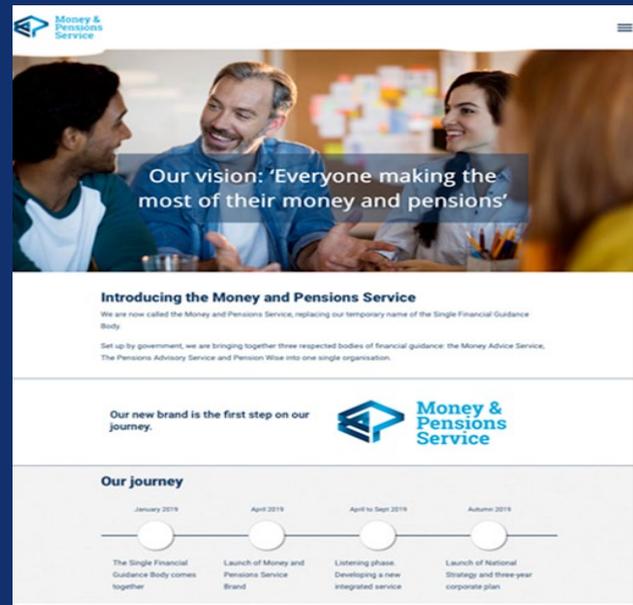
Making the news

One place for money and pensions support

A couple of years ago, the Government pledged to combine the Pensions Advisory Service, the Money Advice Service and Pension Wise. Why? To make it easier for people to get help and guidance about pensions and finances.

The new organisation is called the Money and Pensions Service. It came into effect at the start of the year and took on its new name on 6 April 2019 although, at the time of writing, the three guidance bodies retain their individual identities. Work continues behind the scenes and the merger is expected to complete during 2020.

Go to www.moneyandpensionservice.org.uk



Pension fraud: are you ScamSmart?

Pension fraud remains a threat to your savings so it's important that you know what warning signs to look out for and are aware of the risks.

The Government is trying to help to tackle the problem and has banned cold calling about pensions. Companies can no longer make unsolicited calls and those that do could face significant fines.

Note that not all calls about pensions have been banned. To be legal, the caller must be Financial Conduct Authority (FCA)-authorised, or the Trustee or manager of your scheme, and you must either have agreed to receive calls from the caller or have an existing client relationship with the caller and have not opted out of receiving such calls.

The Financial Conduct Authority has also launched a ScamSmart campaign. Go online to www.fca.org.uk/scamsmart and take the quiz to see if you could spot a scam.

Follow their three rules to keep your savings safe:

- Reject unexpected offers
- Spot the warning signs
- Check if a firm is FCA-authorized



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.

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

Making the news *continued*

Woodford Equity Income Fund

You may have seen articles in the press about the investment funds managed by Woodford Investment Management.

The Woodford Equity Income Fund (fund code EEJG) is one such fund and had been available to invest in by members of the DC section of the Scheme. This fund was closed in June 2019 which meant that investors could not redeem their investments. However, the fund continued to run a daily price and as is the standard arrangement for the Scheme in the event that part of the portfolio is suspended, the DC Provider continued to financially back certain transactions from the fund – namely Retirements and Death distributions. It meant only that members could not transfer their assets in the fund to another pension provider, or switch assets within the Scheme from the fund to alternative investments.

In October 2019, Link Fund Solutions, which administers the fund, announced that the fund would be wound up. No new contributions have subsequently been accepted into the fund, instead being directed into the SL BlackRock UK Equity Income Pension Fund (fund code HY). As part of the wind up, the administrator will seek to release assets from the fund as quickly as possible. The DC Provider will continue to support Retirements and Death distributions from the fund.

If any Scheme members have any questions about their investment in the fund they should contact the Scheme Secretary.

Improving governance standards

In 2018, the Pensions Regulator completed its 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.

Then in 2019, the Pensions Regulator released its formal consultation on the improving governance standards, with new codes and guidance expected to come into force in early 2020.

We take the governance of the Scheme very seriously and already have in place many of the governance standards covered by the Regulator's campaign and the consultation. Once the final detail is confirmed we will assess ourselves against this and address any gaps.

We will provide more in-depth commentary on how we govern the Scheme to help us make more effective decisions and provide better outcomes for members in the next edition.



TPAS factsheet on DB pension schemes

The Pensions Advisory Service (TPAS) has issued a factsheet 'Defined Benefits: how secure is my pension?'

This aims to give scheme members answers to some common questions about the funding issues surrounding DB pensions, and about the safeguards and guarantees that exist.

It includes information on the role of the Pensions Regulator, how the Pension Protection Fund works, and on the need for members to consider obtaining financial advice before transferring out.

Working on your behalf – reminder of who the Trustees are

Company Appointed	Member Nomination
Christopher Wheeler - Chair*	Brian Barbour
Jamie Jenkins	Norman Dowie
Simon Butlin	Peter Raistrick
Åsa Norrie	
Vacant position**	
Supported by Secretary to the Trustees: Stephen Davidson, Aon	

*In his capacity as an employee of BESTrustees.

**Position vacant following the retirement of Stephen Acheson.

Our appointed advisers

Role	Who
Scheme Secretary	Stephen Davidson, Aon
Actuary	Martin Potter, Hymans Robertson
Administrator	Mercer
Auditor	PwC
Banker	HSBC
Communication Adviser	56°, part of Standard Life Aberdeen
Covenant Adviser	Lincoln International
DB Investment Manager	Aberdeen Standard Investments
DB Investment Adviser	Deloitte
DC Provider	Standard Life Assurance Limited
DC Investment Manager	Standard Life Assurance Limited
DC Consultant & Investment Adviser	Barnett Waddingham
Legal Adviser	Shepherd & Wedderburn
Tax Adviser	Deloitte

How to find out more

The best place to do this is via the Scheme's dedicated Communications Hub. But not everyone has online access. So, if you prefer, you can get in touch with Mercer on +44 (0)330 100 3491 for active and deferred members or +44 (0)345 602 4710 for pensioners.

For general questions about your benefits, please contact:

The Scheme Secretary,
Stephen Davidson,
c/o Aon, 144 Morrison Street,
Edinburgh EH3 8EX

Email:
standardlifetrusteesecretarialmailbox@aonhewitt.com

You can also contact Mercer:

- If your personal details change. This is particularly important if you move house, marry or begin a civil partnership, especially if a name change is involved or you change your bank details. That's because these circumstances can affect your pension benefits.
- If you need to update your Expression of Wish form. This form lets us know who you'd like to receive any discretionary benefits payable following your death. If you haven't recently completed an Expression of Wish form or can't remember ever doing so, we strongly recommend completing one.
- If you'd like copies of any of the following official Scheme documents: Annual Report & Accounts, the Statement of Investment Principles, and the Scheme's Trust Deed and Rules. As some of these documents are fairly large, there may be a small administrative charge to post them out to you.