

Newsletter

Welcome back...

It's time for the latest 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.



Christopher Wheeler
Trustee Chairman

A message from the Chairman

We're back again with another newsletter, which is part of our drive as Trustees to improve outcomes by keeping you as informed as we can. Here's a taster of what's in the latest edition.

We'll be telling you more about the recent Data Audit & GMP Audit, carried out by the Scheme's Administrator, Mercer. The process is nearly over and the Scheme data is in a much healthier position. You'll also find an update for members who had investments in the old "legacy lifestyle funds" which are being transitioned to the current default lifestyle funds.

We're always keen to improve Trustee knowledge of the latest pension regulations and developments, so you can find news on this, too. The Trustees regularly undertake training, both formal and informal – via sessions at trustee

meetings or by attending seminars on pension topics.

Are you considering transferring out of the Scheme? Transfer activity remains high – and we monitor this, so we've included some points to remember if you're thinking about transferring out of the scheme.

We're keen to keep abreast of the news – and get behind the headlines. Recently, there has been a High Court ruling regarding the equalisation of Guaranteed Minimum Pensions ("GMPs"). With this in mind, we've put together a brief summary of how this complex issue could affect you.

Finally, I'd like to thank members for your ongoing feedback. We'd like to hear more from you so we will soon be issuing details regarding a short online survey which we'd ask you to complete so we can continue to improve the quality of our communication and the service we provide. Look out for details of this survey in the next few weeks.

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

Tell us what you think

Feedback survey coming soon

Making the news

Read more about GMP equalisation

What is ESG?

It's not just about investing in ethically minded companies

Company matters

Read more about the consultation on changes

Data audit and GMP audit

Making sure that Trustees have complete and accurate member data is one of their key responsibilities and, as you may be aware, has been at the forefront of the Pensions Regulator's key priorities.

In recognition of this, the Trustees commissioned the Scheme's Administrator, Mercer, to undertake an Audit of the Scheme data following their appointment in 2016. Given the age of the Scheme, it is not surprising that the initial audit identified that there were a number of data gaps. Once these had been highlighted, Mercer began a process of obtaining and verifying information to close these gaps. This exercise has now been largely concluded and a final report will be provided for the Trustee meeting in March this year. As a consequence, the Scheme data is in a much healthier position.

At the same time, following the Government's decision to change state pension provision from the old two tier, basic state pension plus second tier top up from April 2016, the ability for schemes to contract out of the second-tier state scheme ceased from this date.

All schemes that were contracted out, like the Standard Life Scheme, were therefore required to reconcile the information

they held in terms of members' Guaranteed Minimum Pensions (GMPs). The Trustees therefore commissioned Mercer to undertake this exercise and work with HMRC to ensure that the Scheme records agreed with HMRC records. As this applied to all contracted out schemes, it has taken some time to obtain the necessary information from HMRC to complete this exercise. However, the Trustees are pleased to advise that the reconciliation has now been completed. The final stage in the process is the rectification of GMP benefits where any discrepancies were identified and Mercer are currently working through this with a view to having this completed by the end of June this year. Just to be clear, any changes will not impact the overall pension you receive, it will only be the GMP element within your pension that may change.

Once the rectification exercise is concluded, we will write to any members where there have been changes to the GMP element of their pension.

Please note that the data audit and GMP audit is separate from GMP equalisation which is covered in 'making the news'.

DC - legacy funds transition and review

As mentioned in the last Newsletter, the Trustees wrote to all members who had investments in the old "legacy lifestyle funds" on the RAP (Retirement Account Platform), where the automatic life styling was switched off following the move to TBP (Trust Based Pension). For most of these members the plan is to transition these old legacy funds into the current default lifestyle funds.

Barnett Waddingham, the Scheme's DC investment advisers, worked with the DC Provider to facilitate this transition in March this year and this is now complete. In addition, The Trustees together with Barnett Waddingham will be undertaking a review of the continuing suitability of the current default and the wider fund choices. This is scheduled to take place over 2019, and further updates will be provided in due course.

Company matters - consultation on changes to death in service and disability benefits

Current employees of Standard Life Aberdeen will be aware that it has started a consultation process regarding proposed changes to the benefits available on death in service and disability. These changes, if put in place, only impact current employees and not other deferred or pensioner members of the Scheme.

The power to amend the Rules in this instance sits with the Company. The Trustees responsibility is therefore to ensure that the changes are made correctly in accordance with Rules and are properly communicated to the affected employees. The Trustees will therefore continue to work with the Company to ensure that this is the case.

Monitoring transfer activity

The volume of transfers out of the Scheme remain high. In line with recent guidance issued by the Pensions Regulator and the Financial Conduct Authority, the Trustees would like to remind you of the following points if you are considering transferring out of the Scheme.

- The Trustees have prepared an extensive Transfer Guide which can be found on the Scheme's Communication Hub at www.slsp.co.uk
- You are only allowed one Guaranteed Transfer Value quote in any 12-month period (although you can access the Mercer Oneview site any number of times to get an indicative value).
- Make sure you get the right advice. You can check if your adviser is suitably qualified by contacting the Financial Conduct Authority on **0800 111 6768** or online at: <https://register.fca.org.uk>
- Be mindful of Pension Scams- download the Pension Regulators Guide "Scammed out of his retirement" from pensionregulator.gov.uk

Improving Trustee knowledge

The Trustees regularly undertake training both formal and informal. The formal training can be sessions at trustee meetings or through attendance at various seminars on pension topics. In addition to this all Trustees are required to complete the Pensions Regulator's Trustee Toolkit within 3 months of being appointed. When any new modules are added, the Trustees are required to complete these within 3 months of them being released.

At the start of each year, with the help of Aon, the Trustees consider new up and coming developments and identify training needs, this is then formalised into a training plan which is then monitored and updated throughout the year.

This ensures that the Trustees keep abreast of all the latest pension regulations and developments and allows them to fulfil their stewardship role for all the members of the Scheme.

ESG

What is ESG?

ESG is Environmental, Social and Governance considerations for investment. It's not just about investing in ethically minded companies/assets or "green investments", it's about taking into account ESG factors when considering an investment over the long term. Examples of factors to be considered under each of the headings are:

Environmental – includes climate change, pollution, greenhouse gas emissions and energy use.

Social – includes working conditions, social inequality, equal pay and social conditions.

Governance – includes Company Board structure/ engagement, incentive arrangements and risk management framework.

ESG properly applied is not a box ticking exercise, it's about analysing key issues for each asset class and using that analysis to make better informed decisions.

Trustees are required to include a section in their Statement of Investment Principles which defines Trustee policy on 'financially material issues' including ESG and climate change by 1 October 2019.

The Trustees' investment adviser, Deloitte, is working with Aberdeen Standard Investments, the DB investment manager, to understand their ESG principles and how this is applied in practice. This will then be incorporated into a draft policy to be reviewed by the Financial Risk Committee (FRC). Following this the FRC will agree a suitable monitoring framework going forward. Details of the policy and monitoring framework will be shared with members in future Newsletters.



Making the news

GMP equalisation

You may have seen in the news that there has been a High Court ruling regarding the equalisation of Guaranteed Minimum Pensions (“GMPs”). GMP equalisation involves understanding what GMP benefit a member would have received if they were treated equally to the opposite sex. 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 dependents 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 the Company are working with their advisers to understand how this ruling affects the Scheme. This judgment is complex, 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.

New Pensions Ombudsman role

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 are not able to be dealt with within a 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

Lifetime Allowance

The Lifetime allowance (LTA) increases to £1,055,000 for the 2019/20 tax year.



Making the news *continued*

Pension fraud – the latest

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

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

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.

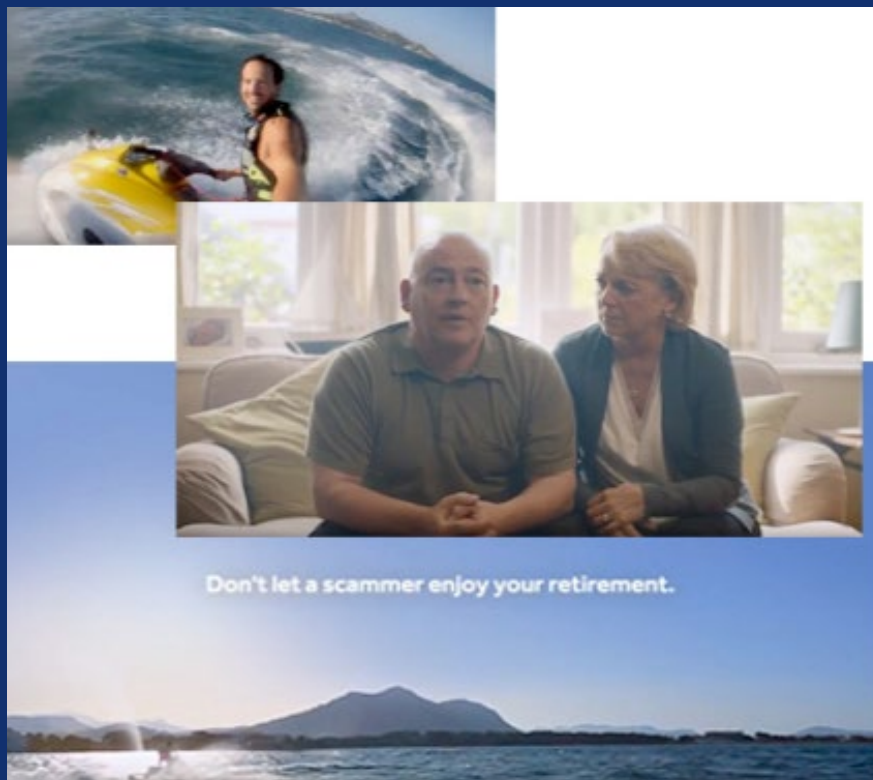
For more information about pension scams and updated guidance on how you can keep your pension safe, visit the Pensions Regulator's website.

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.



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.

We take the governance of the Scheme very seriously and are reviewing our processes to ensure that they remain fit for the 21st century.

Working on your behalf - reminder of who the Trustees are

The Trustees are working with the Company to fill the vacancy for the Company appointed Trustee and updates will be provided in future Newsletters.

| Company Appointed | Member Nomination |
|--|--------------------|
| Christopher Wheeler - Chair* | Brian Barbour |
| Stephen Acheson | Vacant Position*** |
| Jamie Jenkins | Peter Raistrick |
| Simon Butlin | |
| Vacant Position** | |
| Supported by Secretary to the Trustees: Stephen Davidson, Aon | |

*In his capacity as an employee of BESTrustees

** Position vacated following retirement of Agnes Valentine;

***Position vacated following George Emmerson leaving the business

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 Assurance Limited |
| 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* |

*Appointed in 2018. Their role is to ensure that any tax issues in relation to the Scheme's investments are managed appropriately.

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.