

# Newsletter

## Autumn edition

Welcome to the latest edition of your Pensions Review newsletter. It has been an eventful 6 months for us all, to say the least. And so along with the usual pensions news, and latest information on the Scheme and its Trustees, there are a number of areas to update you.

## A message from the Chairman



**Christopher Wheeler**  
Trustee Chairman

First of all it would be remiss not to mention our response to COVID-19 straight away. In our Governance section of this newsletter, you'll see details of the steps we took which helped the Scheme adopt and implement an effective COVID-19 governance framework.

The Trustees, together with our advisers, immediately considered the key risks facing the Scheme and took necessary actions where appropriate.

The Trustees would like to note the strength of our advisers' crisis resilience planning which has allowed the Scheme to operate as normal in the midst of global uncertainty.

For more information on the Scheme's approach to dealing with COVID-19, there is a detailed FAQ document on the [Communications Hub](#).

In other COVID-19 related news, financial fraud has been on the rise over the last few months and so we've put together some helpful advice for keeping your finances and your data safe and secure.

Elsewhere in the newsletter we'll be telling you about changes to the **Tapered Annual Allowance (TAA)** and news on the Government's reintroduction of the Pension Schemes Bill.

There's also, information on changes announced by the FCA to improve standards in the DB to DC transfer advice market.

If you are considering transferring out of the Scheme, there are a few key points to be aware of.

And you can read about the changes we have made to improve governance standards within our Scheme.

Finally, I'd like to take this opportunity to remind you to complete an Expression of Wish form. This lets us know who you'd like to receive any discretionary benefits payable following your death. It's not something any of us like to think about, but it is very important for you and your family. So if you haven't completed one, please read our How To Find Our More section.

Remember, if you'd like to read the newsletter online, it's available on [www.slsp.co.uk](http://www.slsp.co.uk)

### Tell us what you think

Your opinions matter

### Trustee update

Find out more about our new Trustee

### Making the news

What's been making the headlines?

### Company matters

Read more about Scheme governance

## Trustee update



**Robert McKillop**

**In April 2020, we welcomed a new Company appointed Trustee - Robert McKillop.**

Robert leads Global Product and Client Solutions for Standard Life Aberdeen, where he's responsible for Product, Client Technology Solutions and

Investment management of Client Solutions Group, Alternative Investment Strategies & Multi Manager Strategies.

Robert joined Standard Life Investments in 1997 to start his career as a portfolio manager within the Japanese equity team, and was subsequently promoted to Head of Japanese Equities in 2002.

In 2008, he was appointed to Head of EAFE funds, then in 2010 joined the Global Client Group management team and became Global Head of Product.

Robert holds a BA (Hons) in Economics and Business Studies and a MSc in Investment Analysis. He is also an Associate of the Society of Investment Professionals (formerly AIIMR) and CFA Charterholder.

## Annual report and accounts - year ended 31 December 2019

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.

Below is a summary of the accounts for the Scheme year ending at 31 December 2019.

The Scheme's total assets increased by £376million during the year, from £4.4 billion to £4.8 billion. The main contributor to this increase was the investment performance of the assets.

	2019 - Current Year £000			2018 - Previous Year £000		
	DB Section	DC Section	Total	DB Section	DC Section	Total
<b>Net assets at the start of the year</b>	<b>4,247,577</b>	<b>130,084</b>	<b>4,377,661</b>	<b>4,535,753</b>	<b>135,640</b>	<b>4,671,393</b>
<b>What came in</b>						
Company contributions	514	7,124	7,638	-	16,112	16,112
Other income	355	508	863	643	96	739
<b>Total income</b>	<b>869</b>	<b>7,632</b>	<b>8,501</b>	<b>643</b>	<b>16,208</b>	<b>16,851</b>
<b>What went out</b>						
Benefits	(43,620)	(4,984)	(48,604)	(41,333)	(2,420)	(43,813)
Transfer to other plans	(69,422)	(11,121)	(80,543)	(114,604)	(9,702)	(124,306)
Scheme management expenses*	(12,147)	-	(12,147)	(7,398)	-	(7,398)
<b>Total expenditure</b>	<b>(125,189)</b>	<b>(16,105)</b>	<b>(141,294)</b>	<b>(163,335)</b>	<b>(12,122)</b>	<b>(175,517)</b>
<b>Net return on investments</b>						
Investment income	19,701	-	19,701	26,620	-	26,620
Change in market value of investments	468,517	20,220	488,737	(152,104)	(9,582)	(161,686)
<b>Net return on investments</b>	<b>488,218</b>	<b>20,220</b>	<b>508,438</b>	<b>(125,484)</b>	<b>(9,582)</b>	<b>(135,066)</b>
<b>Net assets at the end of the year</b>	<b>4,611,475</b>	<b>141,831</b>	<b>4,753,306</b>	<b>4,247,577</b>	<b>130,084</b>	<b>4,377,661</b>

\*This covers administration, advisory and investment management expenses.

### Scheme funding update - 2019 position

As of 31 December 2019, the actuary calculated that the Scheme held DB assets of £4.6 billion, against a funding target of £3.6 billion.

This equals a funding level at 31 December 2019 of 126%. Post year-end, the Scheme's assets have not been materially impacted by the market volatility experienced in 2020 as a result of COVID-19, due to the investment strategy in place which contains a well-diversified portfolio of assets.

More details can be found in the Summary Funding Statement (available on the [Communication Hub](#)).

The Trustees are currently progressing the Full Actuarial Valuation as at 31 December 2019. The final results of the 2019 Valuation will be based upon updated data and therefore will be different to the estimated 2019 position above.

## Update on the review of DC investment choice

**Barnett Waddingham, the Scheme's DC investment adviser, are continuing with their review of the continuing suitability of the current default and wider fund choices.**

This review was expected to be completed by Q1 of 2020. However, the Trustees have decided to suspend implementation of any changes until 2021, due to the impact on financial markets caused by COVID-19. There will be a reduction in the number of funds available when the changes are implemented.

We'll be in touch to communicate any changes next year.

## Scheme governance

**The Trustees, in line with the Pensions Regulator campaign to improve governance standards across the pensions industry, are committed to ensuring strong governance standards within our Scheme.**

Below are some of the key areas that we have been working on with our advisers:

- **Clear purpose and strategy** – we have set strategic goals for both the short-term and long-term future of the Scheme.
- **Managing risk** – via a comprehensive risk register, which ensures we are aware of the key risks.
- **Adviser effectiveness** – a framework to monitor the effectiveness of our advisers to ensure a continual high standard of advice/performance.
- **Skills and experience** – we assess the skills and experience of the Trustee Board on an annual basis to ensure ongoing effectiveness.
- **Board effectiveness** – every two years we carry out a review of Scheme operations.
- **Trustee knowledge and understanding** – we have an annual Trustee training plan in place and regularly carry out knowledge assessments.

## Communications hub

**The Trustees have a member engagement and communication strategy in place, and a key focus of this is the Scheme's dedicated [Communications Hub](#).**

This hosts a variety of useful information to help with any queries you may have about the Scheme and your benefits.

To make sure we can communicate effectively with you, we will shortly be asking all members for their email address. Please keep an eye out for that, and ensure that you provide your email address so we can continue to deliver an efficient service to you.

## GMP rectification/ equalisation

**The Trustees previously commissioned Mercer to work with HMRC to ensure the Scheme's Guaranteed Minimum Pensions (GMPs) agreed with their records.**

This exercise was required across the pensions industry, following the Government's changes to state pension provision from April 2016. And it meant that Scheme's like ours were no longer able to contract-out of the second-tier state scheme.

This rectification exercise has now been concluded, and we have written to any members where there have been changes to the GMP element of their pension.

This exercise is separate from GMP equalisation, which we have raised in previous newsletters.

The equalisation project is currently being progressed and we will be in contact in due course with further updates.

## OneView enhancements

**We'd like to alert you to the enhancements to Mercer's OneView system, all designed to improve member experience.**

- **Nudges** – when logging-in to OneView, you'll receive a "nudge" to make sure your current details are correct. This will help maintain good quality Scheme data, and ensure Mercer have the most up-to-date details for you.
- **Case-tracking** – you can track a request after you have submitted it to Mercer, as well as confirming an expected response date. So you'll have information on the current status of your request, without needing to get in contact.
- **Retirement Illustrator** – this will now allow active members that have already attained the Scheme's normal retirement age of 60, to obtain a retirement illustration at alternative ages, up to the age of 70.

The [Communication Hub](#) contains more information on OneView, including how to register.

# Making the news

## Changes to the Tapered Annual Allowance (TAA)

**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, TAA was introduced from April 2016 for higher earners, with changes taking effect from 6 April 2020.

The TAA 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 TAA has reduced from £10,000 to £4,000.

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

**Please remember:** it's your responsibility to check how close you are to exceeding the Annual Allowance. If you're unsure of your position, please consider talking to an Independent Financial Adviser

**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.

## Protecting yourself from cybercrime

**Retirement accounts are becoming an increasingly attractive target for fraudsters, because they can hold a lifetime of savings but aren't checked as often as everyday bank, savings and loan accounts.**

This is why financial advisers recommend checking your retirement accounts more regularly, and reporting any unfamiliar transactions.

Below is some helpful advice to help keep you, your savings and your online data safe:

### Use strong passwords

Make them complex, change them regularly and don't use the same one on multiple sites.

### Install security software

There are lots of options to protect your devices and software from viruses and other malware, often available at no cost.

### Keep your devices and software up to date

Regular updates can be frustrating but they're vital to fix the potential flaws cybercriminals look for.

### Back up your most important data

Save your most important online data to an external hard drive or cloud-based storage system.

### Lock your devices

Use the screen lock function on your smartphone and tablets.

### Manage your social media settings

The more you share online, the greater the risk. Keep your personal information secure on social media.

### Strengthen your security on Wi-Fi

Use a strong password when using public Wi-Fi. Or a virtual private network (VPN) to 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](http://www.getsafeonline.org) and [www.ncsc.gov.uk](http://www.ncsc.gov.uk).

If you are a victim of cybercrime, you should report it to Action Fraud, the UK's fraud and cybercrime reporting centre: [www.actionfraud.police.uk](http://www.actionfraud.police.uk).

# Making the news continued

## Pension Schemes Bill reintroduced

**In January, the Government reintroduced the Pension Schemes Bill - previously held up due to the General Election.**

### The Bill includes:

- New powers for the Pensions Regulator – so they can take stronger action when pension schemes are not being run properly.
- Support for online pension dashboards – which, once built, will allow you to access details of all your pension arrangements in one place.

- Trustees of DB schemes will be required to produce a statement on their long-term funding and investment strategy.
- Restrictions on transfer payments to help prevent pension scams.

The Bill has now completed its passage through the House of Lords and had its first reading in the House of Commons last month. A second reading is expected later this year.

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## DB to DC transfer guidance

**In conjunction with their review into the suitability of transfer advice, the FCA has announced changes to improve standards in the DB to DC transfer advice market.**

**The majority of these will come into force in October 2020, and we've detailed some of the key proposals below:**

- A ban on **contingent charging** for DB transfers – advice firms will now have to charge the same amount, irrespective of whether a member transfers or not.
- Limit the ability of IFAs to recommend transfers that incur **unnecessarily high ongoing charges** – this will require IFAs to articulate why a transfer to the member's current workplace DC pension (which by definition does not require ongoing advice) is not more suitable.
- Introduce **abridged advice** – this can only result in either a recommendation not to transfer or for full advice. This is expected to cost less than full advice.
- Empower members with a new **advice checklist** – so anyone going through the advice process can ask the right questions of their IFA.

It's vital that you are aware of the changes if you're looking to transfer. Once you transfer, you can't reverse the decision – please refer to the Scheme's transfer guide (link below) for more information.

### Here's a few points to note if you're considering transferring out of the Scheme:

- The Trustees have prepared an extensive [Transfer Guide](#)
- 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"](#)

# 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	
Robert McKillop	
Supported by Secretary to the Trustees: Stephen Davidson, Aon	

\*In his capacity as an employee of BESTrustees.

# Advising the Trustees

Role	Who
Scheme Secretary	Stephen Davidson, Aon
Actuary	Martin Potter, Hymans Robertson
Administrator	Mercer
Auditor	PwC
Banker	NatWest
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](#). Or you can also get in touch with Mercer on +44 (0)330 100 3491 for active and deferred members or +44 (0)345 602 4710 for pensioners. Or by email at [standardlifepensions@mercero.com](mailto:standardlifepensions@mercero.com)

**For general questions about your benefits, please contact:**

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

**Email:**

[standardlifetrusteesecretarialmailbox@aon.com](mailto:standardlifetrusteesecretarialmailbox@aon.com)

### You should 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. These circumstances can affect your pension benefits.
- If you need to update your Expression of Wish form, please note a copy of this is also available on the communications hub. This 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.