BRAMBLES UNITED KINGDOM PENSION PLAN

Newsletter

Summer 2024

In this issue

Welcome to this latest issue of your Plan newsletter, in which we update you on Plan developments and wider pensions news that may be relevant to you.

At the time of writing, the rise in the UK's level of inflation has started to slow, though it remains higher than the Government's target level of 2% per year. Household budgets continue to be squeezed for many people and the broader economy remains unpredictable. As always, with the support of our professional advisers, we keep a close eye on national and international financial matters that may impact the Plan and will be proactive in making any changes we consider necessary.

Funding update

The funding valuation of the Plan at 31 March 2023 is being progressed and will be finalised later this year. We will be writing to you separately later this year to update you on the results of the valuation and an update on the financial position of the Plan.

Plan website

Remember that the Plan website is available 24/7 to support you. See page 6 for further information.

The Aon Retirement Options Model

The AROM online tool has been temporarily suspended and will be unavailable until further notice. In the meantime, please refer to your retirement pack for information on your options and benefits, or see page 6 for a list of additional resources.

Wider news

In other pensions news, we provide updates on:

- the Retirement Living Standards,
- the Pensions Dashboards Programme and
- changes to the pension tax allowances.

Remember that the Plan website is available 24/7 to support you. If you have any questions about the Plan or your benefits, or you have a topic you want to see covered in our next issue, please get in contact using any of the details on page 6.

Steve Longworth

For and on behalf of ZEDRA Governance Limited, as Trustee of the Brambles United Kingdom Pension Plan

In numbers

The membership

At 31 March 2023 there were 360 members in the Plan compared with 361 members at the same date last year. This does not include members who are paid by an annuity.

143	**Deferred members** No longer building up benefits but have benefits in the Plan for when they retire.
217	**Pensioner members** Receiving benefits from the Plan (and including the dependants of members who have died).

The accounts

Here we show headline figures from the Plan'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 Plan at 31 March 2023	£33.0m
The increase in the value of the assets over the reporting year (a negative represents a decrease in the value)	-£12.9m
The total value of Company contributions paid to the Plan during the year	£1.3m
The total value of benefits paid to members during the year	£1.9m

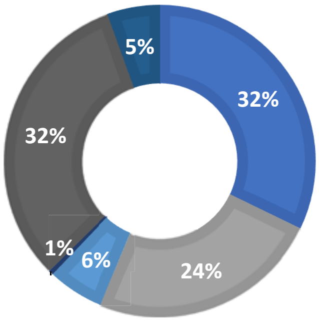
Investment update

As Trustee, 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 March 2023, the Plan held assets of £33.0 million compared with £45.9 million at the same date last year. The chart shows how the Plan's investments (excluding AVCs and DC assets of £0.2m) were allocated at 31 March 2023 across asset types.

- Equities 32%
- Bonds and Gilts 5%
- Cash 1%
- Liquidity funds 6%
- Annuity policy 24%
- Hedged funds 32%



Performance

Between 31 March 2022 and 31 March 2023, the Plan has produced a loss of 31.7% on its investments. This is largely due to the change in hedged funds (Liability Driven Investments) as detailed below.

Additional Voluntary Contributions (AVCs)

The Trustee wishes to remind members who currently hold AVC funds of the importance of reading their benefit statements upon receipt. Members may wish to review their AVC fund on a regular basis and take independent financial advice.

Liability Driven Investments

Pension scheme liabilities by nature are very sensitive to changes in interest rates and inflation movements, therefore the Plan invests in Liability Driven Investments ("LDI") to mitigate the impact of interest rate and inflation movements on the funding level over time. This part of the investment strategy has materially reduced funding level volatility for the Plan during periods of extreme market volatility.

In Autumn 2022, gilt yields and interest rates rose, driving up inflationary pressures. The Plan's liabilities are measured with reference to gilt yields, meaning that the value placed on the liabilities decreased as yields rose sharply. However, due to the hedging effect of the LDI holdings the value of the assets largely moved in line with the value of the liabilities. Therefore, despite the fall in the value of the Plan's assets over the period, the funding position has not been significantly affected. Once the actuarial valuation at 31 March 2023 has been finalised later this year, we will write to you separately with an update on the funding position of the Plan.

We will continue to monitor performance and make any changes we feel are necessary.

For further details on our investment approach, read our Statement of Investment Principles (SIP) at **www.bramblesukpensionplan.co.uk**

You can also read our engagement policy Implementation Statement showing how our policy on engagement activities and voting has been followed during the year.

In the news

Retirement Living Standards

The Retirement Living Standards provide a guide to how much you might need each year in retirement based on the standard of living you're aiming for – broadly, a 'minimum', 'moderate' or 'comfortable' lifestyle.

The Pensions and Lifetime Savings Association (PLSA) has recently updated the Standards' figures to reflect higher inflation and the current cost-of-living crisis.

- The estimated cost of a 'minimum' lifestyle has increased by 18% for a single person and by 19% for a couple.
- The 'moderate' level has increased by 12% and 11% respectively.
- The estimated cost of a 'comfortable' lifestyle in retirement has increased by 11% and 10% respectively.

The higher increase in the cost of retirement for those looking to achieve a 'minimum' lifestyle is due to the higher proportion of their budget going towards the things that have risen the most in price: food and energy.

You can find more details on the types of lifestyles, along with an indication of what amount of income is now likely to be needed to meet them, on the PLSA website. Go to **www.retirementlivingstandards.org.uk**

Which Standard are you heading for?
If you're unsure which Standard your retirement benefits might provide you with:

- check your Plan benefits,
- check any other pension savings you have,
- factor in your State Pension entitlement (go to **www.gov.uk/check-state-pension**),
- allow for any other sources of income you may have, such as ISAs or property rental, and
- work out your approximate total yearly retirement income and deduct income tax.

Pensions Dashboards Update

In previous issues, we have reported on the Government's Pensions Dashboards Programme – an industry-wide project to develop a 'dashboard' portal that anyone could use to keep track of all their pension savings on one secure online site.

Due to the size and complexity of the task – which will involve all UK pension schemes linking to the system – the Government has extended the project's timetable.

Previously, the intention was to onboard groups of schemes in stages, with the largest first.

There is now a single deadline for all schemes to connect: 31 October 2026 (a year later than planned). Based on membership numbers, the Plan will aim for a connection date of 31 August 2026.

For more information about the pensions dashboards, visit **www.pensionsdashboardsprogramme.org.uk**. You can also read regular updates on their blog as the programme progresses: **www.pensionsdashboardsprogramme.org.uk/category/blog**

In the news

Changes to the pension tax allowances

The Chancellor's 2023 Spring Budget included some sweeping changes to the pension tax allowances, which we mentioned in the last newsletter. Since then the government have issued the Finance (No. 2) Act 2023 and the Finance Act 2024, plus supporting regulations and additional guidance from HMRC. We set out below a summary of the tax allowances that apply from 6 April 2024:

- The Annual Allowance is £60,000.
- The tapered Annual Allowance now starts to apply to those earning £260,000 per year (up from £240,000 per year), while the minimum tapered Annual Allowance has increased from £4,000 to £10,000.
- The Money Purchase Annual Allowance has also increased, from £4,000 to £10,000
- The Lifetime Allowance has been removed from legislation.
- **The Lump Sum Allowance (LSA)** is the limit on the total amount of tax-free lump sums (or tax free element of lump sums) payable to members. This applies to pension commencement lump sums (PCLS) or the 25% tax free part of a lump sum from a DC Plan. For those without earlier protections the LSA is £268,275.
- **The Lump Sum and Death benefit allowance (LSDBA) is a limit on the total amount of tax-free lump sums payable to or in respect of members.** It applies to PCLS and the 25% tax free part of a lump sum from a DC Plan PLUS serious ill-health lump sums and lump sum death benefits (other than lump sums on death from funds designated for drawdown before 6 April 2024, or trivial or charity lump sums). The LSDBA is £1,073,100.

The Lifetime Allowance was a limit on the total amount of tax-relieved pension benefits you can build up over your lifetime (excludes the State pension) without triggering an extra tax charge.

The Annual Allowance is a limit on the amount of tax relieved pension benefits you can build up in a tax year without triggering a tax charge. A tapered Annual Allowance applies for high earners.

The Money Purchase Annual Allowance works in a similar way to the standard Annual Allowance but only applies if you access Defined Contribution (DC) pension savings and continue to build up pension benefits.

How to protect yourself from pension scams

Recent events – from the worldwide impact of the pandemic, to issues closer to home such as the cost-of-living crisis – have all had an effect on how people handle money matters. Many people are having to pay closer attention to their saving and budgeting. More and more financial transactions take place online.

Sadly, these developments all create situations where scammers can thrive, whether trying to take advantage of the vulnerable, or attempting to get hold of savers' personal and financial information.

Beware any approach – by email, post or phone (it is actually illegal to cold-call you about your pension) – that asks you to supply details you would normally keep secure, or tries to steer you towards a quick financial decision.

You can find lots of useful information to help you spot and avoid scams on:

- **The MoneyHelper website:** www.moneyhelper.org.uk/en/money-troubles/scams/how-to-spot-a-pension-scam
- The **'ScamSmart'** area of the Financial Conduct Authority website: www.fca.org.uk/scamsmart

More information

Plan website

To find out more about the Plan, go to:
www.bramblesukpensionplan.co.uk
which provides links to the Statement of Investment Principles, Implementation Statement and other tools that are available to you assist you with your pension. A copy of this newsletter will also be attached to the website for ease of reference.

Get to know your pension at
www.yourpension.gov.uk The site has a tool that can quickly generate you a retirement checklist to help you assess where you are with your planning. It also has useful links to a pension calculator, a State Pension calculator and more.

Picture your future at
www.retirementlivingstandards.org.uk The retirement living standards show you what life in retirement looks like at three different levels, and what a range of common goods and services would cost for each level.

MoneyHelper
www.moneyhelper.org.uk MoneyHelper is a free, impartial guidance service, backed by the Government. It brings together the support that was previously available through the Money Advice Service, the Pensions Advisory Service and Pension Wise.

Contact point

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

Email: brambles@xpsgroup.co.uk

Phone: 0121 752 6636
lines are open Monday to Friday, 9am to 5pm

Write to: The Brambles UK Pension Plan, c/o XPS Administration, 1 Colmore Row, Birmingham, B3 2BJ

ZEDRA Governance Limited is the Professional Corporate Sole Trustee for the Plan and is represented primarily by Steve Longworth supported by Matt Riley and other members of the team.

As Trustee, we maintain up-to-date knowledge of pensions, investments and finance. We meet regularly throughout the year to discuss how the Plan is progressing.

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 Plan 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 the Trustee, 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.

Please contact the administration team (details on the left) to request a blank form.

Taking advice
If you would like advice about your retirement plans, we recommend you speak with an independent financial adviser. You can find an adviser in your area by searching MoneyHelper's online directory.

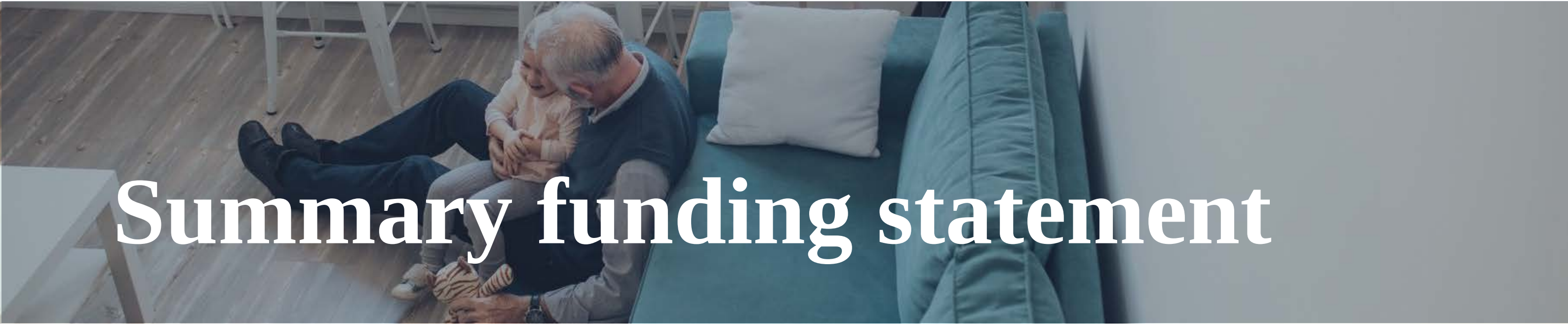
Go to www.moneyhelper.org.uk and choose *Pensions and retirement > Taking your pension > Find a retirement adviser*.

Remember

If you would like more information about the Plan, you can request a copy of the Trustee's Annual Report & Accounts. Contact the administration team (details on the left).

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

Administrator	XPS Administration
Actuary	Steven Keller FIA, Aon Solutions UK Limited
Auditor	J W Hinks LLP
Investment Adviser	Aon Solutions UK Limited
Legal Adviser	Mills & Reeve LLP



Summary funding statement

This section summarises the results of the valuation at 31 March 2023. It also looks at the most recent previous results. These financial health checks are vital for monitoring the Plan's progress. We hope the information helps you to understand how the Plan is developing.

The latest position

The table below shows how the funding position has changed since the previous annual update at 31 March 2022 and the previous full valuation at 31 March 2020.

	Valuation	Annual update	Valuation
Date	31 March 2023	31 March 2022	31 March 2020
The funding level	93%	94%	82%
The funding target (the liabilities)	£35.0 million	£48.6 million	£54.3 million
The value of the Plan's assets	£32.6 million	£45.7 million	£44.7 million
The overall position	Shortfall of £2.4 million	Shortfall of £2.9 million	Shortfall of £9.6 million

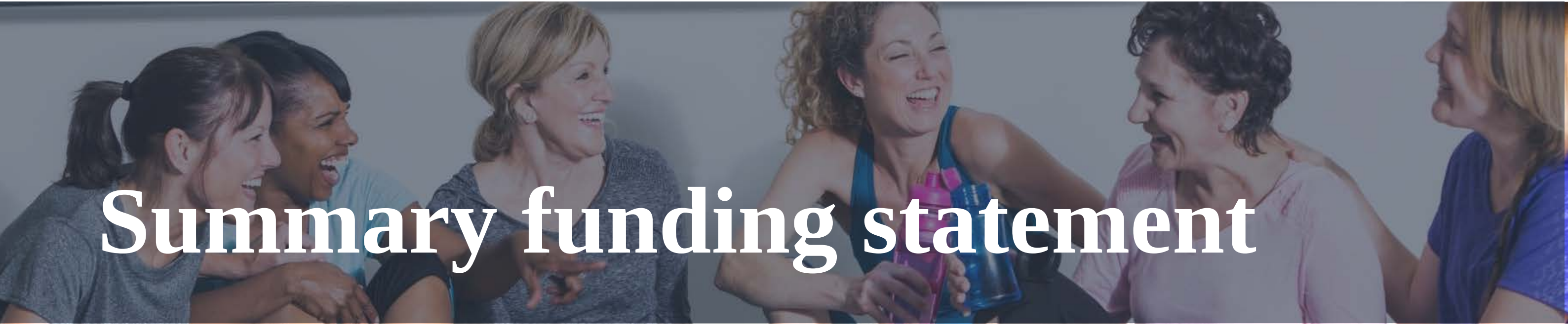
The overall position as at the 31 March 2023 valuation improved slightly compared to the estimated position at 31 March 2022. The valuation at 31 March 2023 allows for a more prudent and secure funding target than was allowed for at 31 March 2022, which increased the value placed on the Plan's liabilities.

Rising interest rates over this period had the impact of reducing both the value of the liabilities and assets significantly. The Plan's investment strategy is designed to closely align movements in the value of the liabilities against movements in interest rates and inflation expectations, and this has operated successfully during the period.

The overall position at 31 March 2023 is significantly improved from that at the time of the previous full valuation, 31 March 2020, due to a combination of strong investment performance and Company contributions over the three year period. For the purposes of the 31 March 2023 actuarial valuation, the total asset figure used is £32.6M, which excludes the valuat of the DC and AVC assets.

The next financial check will be based on the Plan's estimated position at 31 March 2024. 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 Plan will continue to pay benefits in full as long as it continues.



Summary funding statement

Removing the shortfall

As part of the valuation at 31 March 2023, we agreed with the Company to bring the Plan to a fully funded position. This is known as a ‘recovery plan’. The Company agreed to pay:

- contributions of £83,333 each calendar month for the period from 1 April 2023 to 31 May 2024;
- contributions of £87,500 each calendar month for the period from 1 June 2024 to 31 March 2025; and
- a lump sum contribution of £58,338 payable by 30 June 2024.

These contributions and anticipated investment income are expected to be sufficient to eliminate the shortfall by 31 March 2025.

In addition, the Company continues to pay an additional amount to meet the expenses of the Plan and other charges, for example the annual levy to the Pension Protection Fund **www.pensionprotectionfund.org.uk**.

The next formal valuation will look at the Plan’s position at 31 March 2026. This will include working out if the recovery plan is on track or if changes need to be agreed.

The Pensions Regulator

The Pensions Regulator is the UK watchdog of workplace pension Plans. It has the authority to change the way occupational pension Plans are run though it has not needed to use its powers in this way for our Plan. You can find out more about the Regulator online at **www.thepensionsregulator.gov.uk**

If the Plan came to an end

The Plan’s funding level is worked out in two ways.

- The ‘ongoing’ basis (shown on previous page), which assumes that the Plan will continue into the future.
- The ‘full solvency’ basis, which shows the funding position if the Plan 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 worse than the ongoing position, even for fully funded pension plans.

At 31 March 2023, the Plan full solvency funding level was 76% with a shortfall of £10.0 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 Plan.

We must also tell you if there have been any payments to the Company out of Plan funds in the last 12 months. There have not been.