

# Gems Sensors Pension Plan

## Pensions Bulletin – April 2023

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Welcome to the latest edition of Pensions Bulletin, your newsletter from the Trustee of the Gems Sensors Pension Plan (“the Plan”), keeping you up to date with Plan developments and news from the pensions world in general.

We hope you find this latest edition helpful and would very much welcome feedback on the issues covered in this newsletter as well as the opportunity to answer any of your questions. You can contact the Trustee by writing to us using the appropriate contact details under the section ‘Get in touch with us’ on the last page of this newsletter.

### **Keeping us informed of changes in address**

Please remember to tell us if your address changes. This will enable us to keep in touch with you with news of the Plan and, if your pension is not yet in payment, contact you when your benefits are due for payment.

**John Breedon and Andrew Firbank**

For and on behalf of PAN Trustees UK LLP **as Trustee of the Plan**

## Who’s who?

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### **Your Trustee Board**

The current Trustee of the Plan is PAN Trustees UK LLP represented by John Breedon and Andrew Firbank.

PAN Trustees UK LLP is an independent professional pension trustee company. More information about John, Andrew and PAN Trustees can be found on their website: [www.pantrustees.co.uk](http://www.pantrustees.co.uk).

Where the sole trustee of a pension scheme is an independent trustee company there is no requirement under the Pensions Act 2004 for member nominated trustees to be appointed.

### **Advisers**

Managing the Plan, to ensure compliance with current pensions legislation so that members’ interests are best protected, is a complex task. To assist in this task, the Trustee calls upon the services of independent advisers, with whom the Trustee works closely, to ensure that the Plan runs smoothly.

Buck provides actuarial, investment, consultancy, and secretarial services to the Trustee. Buck also undertakes the day-to-day administration of members’ benefits on behalf of the Trustee.

The Scheme Actuary, who advises on the funding of the Plan, is David Broadbent, of Buck.

Ensors continue to audit the Plan’s accounts and Burness Paull remain the Trustee’s legal advisers. In May 2022 the Trustee appointed CMS Cameron McKenna Nabarro Olswang LLP (CMS) as additional legal advisers.

## Plan highlights

The Trustee produces a formal report and financial statements each year, including full details of all the money coming into and going out of the Plan.

The following table is a snapshot of the financial statements for the Plan year ended 5 April 2022.

	5 April 2022 £	5 April 2021 £
Value of the Plan at the beginning of the year:	16,176,505	16,001,794
Income (money coming in):		
Employer contributions	20,000	180,000
Other income		
<b>Total income:</b>	<b>20,000</b>	<b>180,000</b>
Expenditure (money paid out):		
Benefits paid	(717,104)	(600,647)
Administrative Expenses	(241,721)	(96,084)
<b>Total expenditure:</b>	<b>(958,825)</b>	<b>(696,731)</b>
Net returns on investment:	(368,281)	691,422
<b>Value of the Plan at the end of the year:</b>	<b>14,869,399</b>	<b>16,176,505</b>

### Changes in the membership

	2022	2021
Deferred members*	50	56
Pensioner members (including insured pensioners)	129	128

\* Of the members with preserved benefits, 6 remain employees of TGA Industries Limited and retain a salary link to their benefits in the Plan.

## Funding update

The Trustee is responsible for making sure that the Plan has sufficient funds necessary to provide all the benefits promised to members. Every three years the Scheme Actuary checks the Plan's ongoing funding position in a formal exercise known as a triennial valuation. The latest triennial valuation completed was as at 5 April 2019. The next triennial valuation as at 5 April 2022 is in progress and will be completed by 5 July 2023. In between the triennial valuations the Scheme Actuary performs annual approximate updates to monitor the funding position.

The Trustee shares this information with members in the form of a Summary Funding Statement. The latest Summary Funding Statement issued to members in June 2021 provided a recap on the results of the triennial valuation as at 5 April 2019 and results of the interim funding updates as at 5 April 2020 and 5 April 2021.

The Trustee continually monitors the funding position and the latest available estimate suggests the Plan's financial health has further improved with the Plan being 131.6% funded on a technical provisions basis as at 31 December 2022 (compared to 113.1% funded as at 5 April 2021).

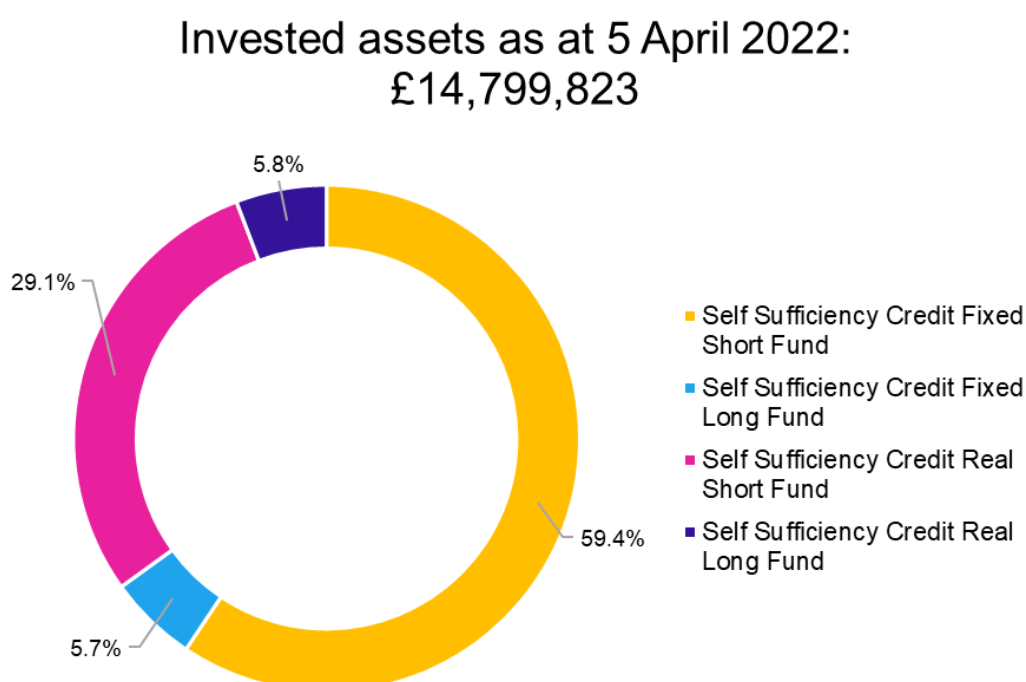
## Investment update

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At the start of the Plan year to 5 April 2022, the Plan's investments were held in a range of different assets. This included equities (shares), fixed interest and index-linked gilts (bonds issued by our government), bonds issued by companies and commercial property. During May and June 2021, the Plan transferred all of its assets into funds known as Self Sufficiency Credit Funds. The funds provided diversified exposure to government bond, corporate bond, fixed interest assets and inflation linked assets, and were designed to help the Plan to reduce risks and meet regular benefit payments by generating income. The day-to-day management of the Plan's investments is delegated to professional investment managers. As at 5 April 2022, the Plan's investments were managed by Legal & General Investment Management Limited ("LGIM").

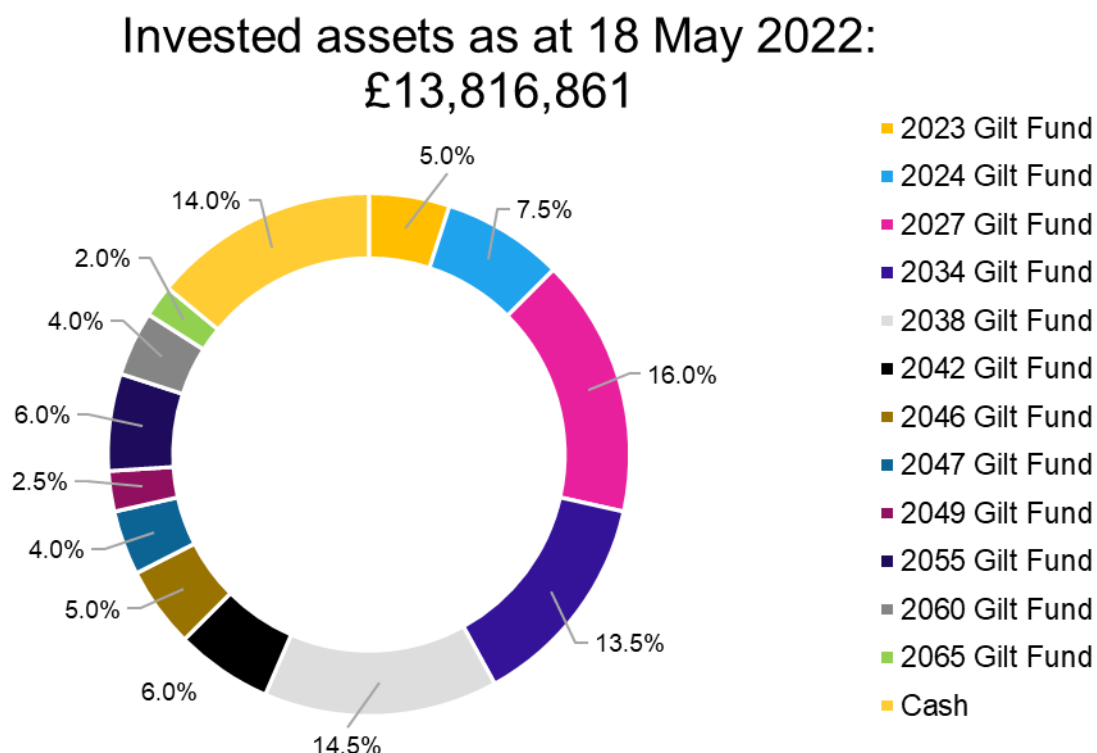
Buck provides regulated advice to the Trustee in respect of the Plan's invested assets.

At 5 April 2022, the mix of assets was as follows:



The Trustee reviewed the investment approach in early 2022 and decided to reduce risks further by switching assets to a range of funds invested solely in UK government bonds and cash.

This was implemented shortly after the Plan year end and the resulting mix of assets as at 18 May 2022 was as follows:



### UK gilt market crisis

The changes made to the investment strategy were particularly valuable in helping the Plan to manage the crisis in UK gilt markets in September and October 2022. As a result of the move to the new portfolio ahead of these events, the Plan's funding surplus has increased over this period.

### Summary of investment performance

During the one-year period to 31 March 2022, the Plan achieved an overall return on assets of -2.6%. This return figure is net of basic annual management fees. However, most importantly, this negative return was aligned with a reduction in the cost of providing benefits to members, i.e. the Plan's liabilities. Accordingly, the return should not be of concern to members.

### Statement of Investment Principles and Engagement Policy Implementation Statement

The Trustee has produced a Statement of Investment Principles (SIP), which incorporates the investment strategy, in accordance with section 35 of the Pensions Act 1995.

The Trustee published its Engagement Policy Implementation Statement for the year ended 5 April 2022, which sets out the extent to which the Trustee's policies relating to the exercise of voting rights and engagement activities have been followed during the year.

You can access the latest SIP and Engagement Policy Implementation Statement by clicking on the following link: <https://members.pensionpal.co.uk/GemsSensorsPensions>.

# Pensions news

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## State Pension age

Since 6 October 2020, State Pension age is age 66 for men and women. State Pension age is then planned to increase gradually to:

- 67 between 2026 and 2028
- 68 between 2044 and 2046

In July 2017, the Government proposed that the change to age 68 be brought forward by seven years (i.e. between 2037 and 2039). An independent review is currently taking place with the results to be published by 7 May 2023. You can obtain more specific information by using the State Pension age calculator at: [www.gov.uk/state-pension-age](http://www.gov.uk/state-pension-age).

## Increase to Normal Minimum Pension Age (NMPA)

Normal minimum pension age (NMPA) will increase to age 57 (from the current age 55) on 6 April 2028. This means that the earliest age individuals will normally be able to take pension benefits will be age 57 from 6 April 2028.

## Inflation

There has been a lot of news recently about the cost of living, with UK price inflation running at the highest rate for 40 years. This affects the benefits paid from the Plan, as many members of the Plan have part of their benefits that increase each year with price inflation (up to a maximum rate). The Trustee monitors this situation closely and discusses this with its advisers to make sure their funding strategy, investment strategy and benefit option terms remain appropriate.

If you are thinking of retiring in the next 12 months or transferring your benefits out of the Plan, you should consider the impact of inflation and take appropriate advice from a financial adviser regulated by the Financial Conduct Authority before taking any action.

## Pension scams

### Don't let a scammer enjoy your retirement

The Pensions Regulator has highlighted the potential risk of increased pension scam activity as fraudsters look to prey on people's pensions.

Here are some helpful tips to help protect you and your pension savings from potential scams.

#### DON'T

- Accept offers from anyone who contacts you about your pension out of the blue — these could include a 'free pension review', a home visit or hand-delivered paperwork;
- Be lured into overseas investment deals — well known scams include unregulated investments in things like hotels and vineyards, where your money is also more at risk because it's difficult to access;
- Fall for 'guaranteed' returns — there's no such thing; and
- Be rushed into a decision because of a 'time-limited' offer.

#### DO

- Speak to an authorised financial adviser before making a decision that could affect the rest of your life. You can find a financial adviser at: [register.fca.org.uk](http://register.fca.org.uk);
- Ask MoneyHelper for help if you have doubts. Visit <http://www.moneyhelper.org.uk>; and
- Call Action Fraud on 0300 123 2040 if you think you've been scammed and be sure to let us know too. It may not be too late to stop a transfer if it hasn't gone through.

If you are considering transferring your pension entitlement out of the Plan, you should consult a financial adviser regulated by the Financial Conduct Authority (FCA). It is more important than ever to ensure you are vigilant and that anyone you speak to about your pension is authorised to talk to you.

Remember – if something sounds too good to be true, it probably is!

More information is available on the following web pages:

[www.thepensionsregulator.gov.uk/pension-scams](http://www.thepensionsregulator.gov.uk/pension-scams)

[www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)

[www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

## **Lifetime allowance**

The lifetime allowance is a limit on the value of pension that can be drawn from all your pension schemes (apart from the State Pension). Generally defined benefit pension is valued as 20 times annual pension and tax-free cash from a defined benefit scheme and defined contribution funds are assessed at face value.

The lifetime allowance is currently £1,073,100 and had been expected to stay at this level until April 2026. However, on 15 March 2023, the Chancellor of the Exchequer, announced in the Spring Budget that it would be abolished. This is scheduled to happen from 6 April 2024.

Up until 6 April 2023, if the value of your pension savings exceeded this allowance, you may have had to pay a tax charge on the excess at the point at which you accessed your benefits. From 6 April 2023, if you would have previously triggered a 55% lifetime allowance charge, you will now instead have a charge to income tax deducted at your marginal rate.

Until the legislation is changed, you will be asked for information about other pension schemes (including whether you have protection from previous reductions in the lifetime allowance) when you start to receive, or access, your pension savings, reach age 75, or transfer your pension overseas, as the Trustee (or your pension provider) is still required to check if you're above your lifetime allowance.

## **Pension commencement lump sum (tax-free cash)**

The tax-free cash that is available when you take your pension is called a pension commencement lump sum.

As a result of the abolition of the lifetime allowance, the maximum most members can take as a pension commencement lump sum will be frozen at £268,275. This is 25% of the lifetime allowance of £1,073,100. Members with a protected right to a higher pension commencement lump sum on 5 April 2023 will continue to be able to access this right.

## **Annual allowance**

The annual allowance is a limit on the amount you can save in a pension scheme in a tax year in a tax efficient manner. If you exceed this allowance, tax charges may apply. Pension savings include all contributions made to a defined contribution scheme.

The standard annual allowance is £60,000 from 6 April 2023 (having been increased from £40,000 in the Spring Budget on 15 March 2023), but it may be lower if you have a high income or if you have flexibly accessed your defined contribution pension savings.

### **High income**

You'll have a reduced (or tapered) annual allowance in the current tax year if your income (according to two measurements) is high.

The annual allowance tapers down by £1 for every £2 of 'adjusted' income over £260,000, reaching the minimum allowance of £10,000 (increased from £4,000 on 6 April 2023) once adjusted income exceeds £360,000 (increased from £312,000 on 6 April 2023).

Adjusted income is broadly all income subject to income tax, *together* with pension savings (contributions to defined contribution pension schemes and the value of defined benefit scheme accrual).

If you have an income *excluding* pension savings ('threshold' income) of less than £200,000, your annual allowance will not be reduced and will remain at £60,000.

### **Money Purchase Annual Allowance**

If you've flexibly accessed your benefits (as below), the Money Purchase Annual Allowance (MPAA) is the amount that can be paid in one year to your **money purchase** arrangements without a tax charge applying. From 6 April 2023, the MPAA is £10,000 (increased from £4,000).

### **Transfer values**

Members with defined contribution (DC) pension savings have greater flexibility in how they choose to access their funds, provided they have reached the age of 55 (57 from 2028) (or earlier, if in ill health). For instance, it may be possible to take part (or all) of their DC pension savings as a lump sum or draw down an income rather than buying an annuity. These extra flexibilities are not available under defined benefit (DB) pension schemes (such as our Plan), and as such we are generally seeing an increased take up of transfer values from DB to DC schemes within the general pensions landscape.

However, if you are thinking of transferring your benefits out of the Plan for any reason, you should take appropriate advice from a financial adviser regulated by the Financial Conduct Authority (FCA) before taking any action. If the value of your DB pension savings is over £30,000 you will need to take independent financial advice before you transfer to a DC arrangement.

One transfer value is available to all non-pensioner members free of charge every twelve months. Please contact the **Plan's administrator** using the contact details on page 9 if you would like more information about your transfer value or the retirement options available to you if you have reached age 55, or are suffering from ill health and have yet to retire.

### **Equalisation of guaranteed minimum pensions (GMPs)**

A court case in 2018 (involving Lloyds Banking Group) will impact some of the benefits provided by the Plan.

The case requires certain pensions built up between 1990 and 1997 – known as "Guaranteed Minimum Pensions" or "GMPs" – should be made equal between men and women. This process is known as "GMP equalisation".

The Trustee of the Plan is continuing to work with the Scheme Actuary and legal advisers on how best to comply with these requirements, but it is a complex process (including an ongoing exercise to reconcile GMP amounts with those held on HMRC records). The Trustee will update members when a course of action has been agreed. Please note that not all members of the Plan will be affected by this.

### **Pensions dashboard**

Keeping track of your pension savings can be a problem. On average, a working adult in the UK may have 11 different jobs during their working life. With an estimated £400m of pensions being unclaimed and many people having lots of small pension funds to monitor, the government, regulators and industry experts are working together to develop a pensions dashboard.

A pensions dashboard will enable you to view a snapshot of all your lifetime pension savings online, via the portal of your choice. The purpose is to help you get a better understanding of how ready you will be for retirement and help you make decisions about your finances.

The Money and Pensions Service, an organisation set up by government to bring together The Pensions Advisory Service, the Money Advice Service and Pension Wise, will create a non-commercial dashboard. There will be others created by the pensions industry.

We will provide you with more information once the pensions dashboard is launched. You can find out more at [www.pensionsdashboardsprogramme.org.uk/faqs](http://www.pensionsdashboardsprogramme.org.uk/faqs).

In the meantime, you can trace any lost pensions by using the Pension Tracing Service at [www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details). Help ensure the information that your pension providers have about you is up to date by advising them of any changes in your address, any changes in your name and, for defined contribution pensions, when you are hoping to retire.

## Expression of Wish forms

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Your Expression of Wish form guides the Trustee as to whom you would like to receive any lump sum benefit payable on your death under the discretionary trust provisions. Lump sum benefits are payable if you die before you start receiving your benefits from the Plan or if you die within five years of starting to receive your benefits on retirement. In order to ensure the lump sum is paid without incurring inheritance tax, the decision as to who should receive the benefit on your death is made by the Trustee. However, to help the Trustee with this decision (while noting that the Trustee is not bound by your wishes), please ensure your Expression of Wish form is completed and up to date with details of whom you would like to receive any lump sum benefit payable.

You may indicate any number of individual dependants or beneficiaries on the form. If your personal circumstances change and you want to nominate different individuals, this can easily be done by completing a new form. **If you are unsure about an entry on your form or would like to complete a new one, please write or send an email to the Plan's administrator whose contact details can be found at the end of this newsletter.**

Please note it is important that your Expression of Wish form is updated as your circumstances change.

## Further information and help

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### Frequently asked questions (FAQs)

For your convenience, we have compiled a list of FAQs to cover some common issues. If you have a query regarding your benefits under the Plan, you should refer to this in the first instance and, if your question remains unanswered, you can contact us using the appropriate details at the end of this section. Please note that TGA Industries Limited, the Trustee and the Plan administrators are unable to give you individual financial advice.

**Question: What should my next of kin do in the event of my death?**

**Answer:** We need to be informed of this as soon as possible. Your next of kin can do this by telephoning Buck on 01473 293000. Please make sure that your next of kin are aware of what action needs to be taken.

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**Question: I am a pensioner. What should I do if I am notified of a change in my tax code in the year?**

**Answer:** We normally receive notification directly from His Majesty's Revenue & Customs of tax changes, so you do not need to tell us. If you have any queries relating to your tax code, you need to contact HMRC for help.

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**Question: I am considering retiring shortly. How do I get a retirement quotation?**

**Answer:** Members should put their request for a retirement quotation to the Plan administrators using the contact details provided with this newsletter.

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**Question: Is my pension guaranteed?**

**Answer:** Whilst TGA Industries Limited continues to support the Plan (which they have every intention of doing and are legally obliged to do), your pension will be paid in full even if the Plan is temporarily below our target funding level. If TGA Industries Limited were to become insolvent and unable to meet any shortfall at the time, the Pension Protection Fund might be able to take over the Plan and pay compensation to members. More information is provided in the Summary Funding Statement provided to members (latest edition issued in June 2021). However, at the current time the Plan is very well funded and would be expected to be able to pay members' benefits in full.

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**What if I have a problem or question regarding my pension**

As the subject of pensions is complex, problems and queries can sometimes arise. The vast majority of questions or disagreements can be resolved through discussion with TGA Industries Limited, Buck or the Trustee. However, where problems are not resolved, the Trustee has an internal dispute resolution procedure in place for dealing with disputes between trustees and pension scheme members or beneficiaries. The internal dispute resolution procedure may be used by any member or other persons with a relevant interest in the Plan. Details of the procedure are available by writing to the **Plan's administrator**.

**Data privacy**

Your data privacy is very important to us. A copy of the Trustee's Data Privacy Notice which includes information on why we hold your personal data, what personal data is held and other matters including your rights in respect of your personal data was issued to members with the newsletter issued in November 2021. The Trustee's Data Privacy Notice was updated in December 2022 and a copy is available on the Plan's website at <https://members.pensionpal.co.uk/GemsSensorsPensions>.

**Get in touch with us**

If you have any further questions or wish to update the Trustee of any changes to your details, such as your address or bank account information (please note, your updated information must be provided in writing) please use the following contact details.

**Gems Sensors Pension Plan  
Pensions Administration  
Buck (Ipswich)  
PO Box 323  
Mitcheldean  
Gloucestershire  
GL14 9BL**

**Telephone: 01473 293000**

**Email: [GemsSensors@buck.com](mailto:GemsSensors@buck.com)**

## Useful websites

You can get useful information about pensions and retirement planning from the following websites:

**[www.gov.uk/browse/working](http://www.gov.uk/browse/working)**  
**[www.gov.uk/check-state-pension?](http://www.gov.uk/check-state-pension?)**

For government initiatives and information about retirement and pensions. You can also get help finding pension contact details for previous pension schemes you have lost contact with, through the Pension Tracing Service, and find out information about what State benefits you might receive.

**[www.fca.org.uk/register](http://www.fca.org.uk/register)**

Use this site to confirm that an adviser or firm is registered and appropriately authorised by the FCA to give financial advice on pensions.

**[www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)**

Use this site, also provided by the Financial Conduct Authority, to find out about pension scams, how to spot the warning signs and how to protect yourself from them.

**[www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)**

The Pensions Ombudsman deals with complaints and disputes which concern the administration and management of occupational and personal pension schemes.

**[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)**

The Pensions Regulator may intervene in the running of pension schemes where trustees, managers, employers or professional advisers have failed in their duties.

**[www.moneyandpensionsservice.org.uk](http://www.moneyandpensionsservice.org.uk)**

The Money and Pensions Service was set up to bring together the Money Advice Service, The Pensions Advisory Service and Pension Wise into one single organisation to help people get free and impartial guidance on pensions, money, and debt.

**[www.moneyhelper.org.uk/en/pensions-and-retirement](http://www.moneyhelper.org.uk/en/pensions-and-retirement)**

MoneyHelper is a free service provided by the Money and Pensions Service. Check out the pensions and retirement pages for free and impartial guidance on pensions.

**[www.moneyhelper.org.uk/pensionwise](http://www.moneyhelper.org.uk/pensionwise)**

Pension Wise from MoneyHelper is a free and impartial government service that provides guidance to people aged 50 or over about their defined contribution pension options. The main benefits under the Plan are defined benefits and are not covered by Pension Wise, but you may find the service useful in respect of any AVC funds or other pension arrangements you may have.