



## **Scheme Report 2022**

# **Guidance Pension Scheme**

December 2022

## A WARM WELCOME

As the Trustee of the Guidance Pension Scheme (the 'Scheme'), we want to keep you up to date on its finances, investments and associated developments. With this in mind, we would like to welcome you to this annual report written for you, the members.

Each year we summarise the Scheme's key developments, based on its formal Report & Accounts. We also highlight the main pension news.

This issue of the annual report looks at the reporting year to 5 April 2022.

Inside, you can find a summary of the year's accounts and an overview of how the Scheme's investments performed. In our pensions round-up, you can read about the impact of high inflation over 2022 as well as an update on GMP equalisation and the new transfer regulations.

If you have a question about your Scheme benefits or any of the issues raised please contact the Scheme's administrators Atkin Pensions. You can find their contact details on page 10

**On behalf of the Trustee of the  
Guidance Pension Scheme**

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# THE SCHEME IN NUMBERS

## THE ACCOUNTS

The table below outlines the Scheme's finances for the 12 months to 5 April 2022. During the year, the overall value of the assets increased by £1,511,483 to £22,474,112. The figures have been checked by the Scheme's appointed auditor, J W Hinks LLP. If you would like a copy of the full year's accounts, please use the contact details later in the report.

	At 5 April 2022	At 5 April 2021
<b>Value of the assets at start of year</b>	<b>20,962,629</b>	<b>17,506,399</b>
<b>Income</b>		
Deficit contributions received	700,000	600,000
Other contributions	-	-
<b>Expenditure</b>		
Retirement benefits	584,693	426,942
Death benefits	14,252	-
Transfers out	-	333,785
Other leavers' benefits	-	-
Charges and expenses	37	5
<b>Total expenditure</b>	<b>598,982</b>	<b>760,732</b>
<b>Returns on investment</b>		
Bank Interest	-	-
Change in market value of investments	1,515,195	3,639,575
Investment management expenses	(104,730)	(22,613)
<b>Net returns on investments</b>	<b>1,410,465</b>	<b>3,616,962</b>
<b>Value of the assets at end of year</b>	<b>22,474,112</b>	<b>20,962,629</b>

## THE MEMBERSHIP

This table shows how the Scheme's membership breaks down. We have included the 2021 figures to show you how the membership has changed.

All active Scheme members became deferred members in 2009, when the Scheme closed to the future build-up of benefits.

	At 6 April 2022	At 6 April 2021
<b>Deferred members</b> with preserved benefits in the Scheme	170	184
<b>Pensioner members</b> receiving benefits from the Scheme (including the dependants of members who have died)	128	115
<b>Total</b>	<b>298</b>	<b>299</b>

## PENSION INCREASES

The Scheme provides the following pension increases;

### Increases to your pension in deferment

After you left the Scheme and before your pension starts to be paid your pension will be increased each year. The increase will depend on the different elements of your pension. If you have any Guaranteed Minimum Pension (GMP) this will be revalued by the relevant fixed rate. Any pension in excess of GMP and your cash lump sum will be increased by inflation up to a maximum of 5% p.a.

### Increases to pensions in payment and your cash lump sum

Your pension will receive increases each April. The first increase will be proportionate if you do not retire on 6th April. Pension in excess of Guaranteed Minimum Pension (GMP) will increase each year in line with the Retail Price Index (RPI) to a maximum of 6% p.a.

Any Guaranteed Minimum Pension (GMP) will receive a fixed increase of 3% per annum.

The RPI linked increase applied in 2022 was 4.9% which was based on the increase in RPI inflation in the year up to September 2021. The increase to be applied in 2023 will be 6% based on the increase in the year up to September 2022.

## A FUNDING UPDATE

Every three years, our Scheme Actuary, a qualified and independent professional, will estimate the value of the Scheme's liabilities using a set of assumptions for the future and compare this with the value of Scheme's assets.

Within each three-year period, the Scheme Actuary will check the funding position of the Scheme annually and report this to the Trustee so they can monitor how the position changes. The most recent full actuarial valuation was based on the Scheme's position at 5 April 2022; please refer to the enclosed Summary Funding Statement which provides more information on the Scheme's funding position and financial security as at 5 April 2022.

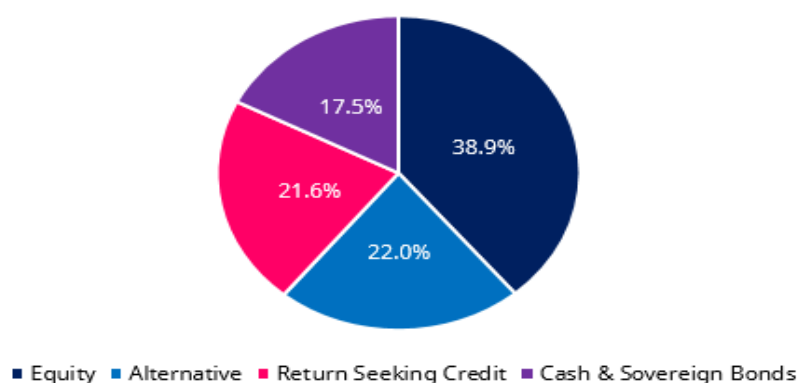
## INVESTMENT COMMENTARY

The Scheme's assets continued to be managed on a fiduciary management basis by Schroders Solutions. This means that although the Trustee remains responsible for the governance and investment of the Scheme's assets, day-to-day matters are managed by Schroders Solutions within guidelines set by the Trustee.

### ASSET ALLOCATION

The chart shows the Scheme's agreed strategic allocation as at 5 April 2022.

Growth Assets Asset Allocation 30 September 2022



Further details of the Scheme's investment strategy are set out in the Statement of Investment Principles ("SIP"), which is available at ([Guidance Pension Scheme \(pensionpal.co.uk\)](https://www.pensionpal.co.uk/GuidancePensionScheme))

The SIP also sets out the Trustee's investment policies on to Environment, Social and Governance ("ESG") factors including climate change and stewardship which involves voting and engagement. Currently the Trustee delegates responsibility around corporate governance and stewardship to the fiduciary manager. The Trustee continues to believe it is appropriate to delegate voting and engagements decisions to the fiduciary manager and their Underlying Investment Managers in order to achieve an integrated and joined up approach, which will benefit the Scheme's members in financial and non-financial terms as a result. Further details can be found in the Section 4 of the SIP.

Schroders Solutions reports to the Trustee every quarter and at Trustee meetings where the Trustee focuses on investment matters in greater detail.

### INVESTMENT PERFORMANCE

Over the 12 months to 5 April 2022, the invested assets achieved returns of 7.1% as markets recovered from COVID and the impact of high inflation and the Ukraine War had yet to be fully priced into markets.

### COMMENTARY ON MARKETS OVER SEPTEMBER/OCTOBER 2022

As you may be aware investment markets, especially in UK Government bonds (Gilts), were extremely volatile in the latter half of 2022 and this has had a significant impact across the pensions industry. We would like to address the volatility in markets and take the time to reassure you that while the Guidance Pension Scheme has not been immune to the swings in markets, the strategy has remained resilient and has performed as designed.

# PENSIONS ROUND-UP

In this section we outline some headline news items of more general pensions interest.

## INFLATION

UK inflation is running at the highest rate for 30 years and is expected to increase further. As a result, pension increases are set to be below the rate of inflation. We are monitoring this situation closely to ensure that our funding strategy, investment strategy and benefit conversion terms remain appropriate.

If you are thinking of retiring or transferring your benefits out of the Scheme for any reason, 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.

## MINIMUM PENSION AGE TO INCREASE FROM 55 TO AGE 57

The earliest age you are currently allowed under pensions tax law to take your pension savings is age 55 (unless you are in ill-health).

In 2014 the Government announced that this would increase to age 57 from 2028. From then on, the minimum pension age in the tax rules would remain ten years below State Pension Age. The government has indicated that this is still the intention.

Before you make any decision about your benefits in the Scheme, we would urge you to seek independent financial advice.

## GMP EQUALISATION

Benefits for members who joined the Scheme prior to April 1997 include a Guaranteed Minimum Pension (GMP) which broadly represents the pension which they would otherwise have accrued under the old State Earnings-Related Pension Scheme (SERPS). As advised in previous newsletters, following a High Court Judgment in October 2018 the “Lloyds Bank” Case, the Trustee is aware that there is now a requirement to adjust some members’ Scheme benefits to address the current inequalities in the calculation of GMPs between men and women. A further High Court Judgment in November 2020 has confirmed that this requirement for equalisation also applies to previous transfers paid out of the Scheme.

We are currently reviewing with our advisers the appropriate way to implement GMP equalisation.

Please note that while this may result in modest increases in benefits for some members, many may see no change, but no member will see the value of their benefits reduce as a result of this Judgement.

## Be aware of Pension Scams

Over the past year the issue of pension scams has not gone away and we continue to encourage our members to consult a financial adviser regulated by the Financial Conduct Authority (FCA) if you are considering transferring your pension savings out of the Scheme. Details of FCA-authorized advisers can be found via the MoneyHelper Retirement Adviser Directory.

Please remain vigilant when approached in respect of your pensions savings.

Please remember to look out for the following aspects, which are key indicators that you may have been targeted by a pension scam.

- Being offered a 'free pension review'
- Being approached out of the blue by phone, text or even 'door to door'
- Being asked to transfer investments overseas
- Being pressured into transferring money very quickly
- Being told you can access your pension before age 55

One of the most common methods used by scammers to commit pension fraud is through cold-calling. Regulations banning pensions cold-calling came into force on 9 January 2019. The new rules mean firms will no longer be able to make unsolicited marketing calls about pension schemes. Firms found flouting the ban will face enforcement action from the Information Commissioner's Office and could be fined up to £500,000. Despite the cold-calling ban, it is thought that fraudsters may ignore the ban and so it is important to remain vigilant and be aware of the dangers of pension scams. If you receive a call concerning your pension from anyone other than Atkin Pension or the Trustee then hang-up the phone.

Action Fraud lists 4 basic steps that pension scheme savers can use to protect themselves from scams. These include

- 1) Rejecting unexpected offers related to their pension
- 2) Checking that the company they are dealing with is authorized and not a 'clone'
- 3) Refusing to be rushed or pressured and
- 4) Getting impartial information or advice.

The four-step guide can be found here: <https://www.actionfraud.police.uk/news/dont-let-a-scammer-enjoy-your-retirement>

You should also see the FCA's 'ScamSmart' website so that you are aware of the risks and can protect yourself and your pension savings: [www.fca.org.uk/scamsmart/how-avoid-pension-scams](http://www.fca.org.uk/scamsmart/how-avoid-pension-scams)

The FCA has also provided useful guidance for members who are considering retirement and taking benefit from their pension savings from a 'final salary' pension scheme.

### [How to avoid pension scams | FCA](#)

The MoneyHelper website contains lots of useful information which includes a very good guide to pension scams. We have provided the website address for MoneyHelper on the last page of this newsletter.

**If you would like financial advice**

The law does not allow anyone involved with the Scheme or employed by BTL to give you financial advice. If you would like help with your pension arrangements or retirement planning, consider talking to your independent financial adviser (IFA).

If you do not have an appointed IFA, you can find one in your area by searching online at **[www.unbiased.co.uk](http://www.unbiased.co.uk)**. Simply enter your postcode into the search bar on the homepage to see a list of IFAs local to you. The Financial Conduct Authority also provides some useful tips on finding an IFA. Go to **[www.fca.org.uk/consumers/financial-services-products/investments/financial-advice/finding-an-adviser](http://www.fca.org.uk/consumers/financial-services-products/investments/financial-advice/finding-an-adviser)**

## YOUR BENEFIT OPTIONS

Your pension benefits are held in the Scheme to be paid from your retirement. If you have not already retired, you have the options to:

- request to transfer the value of your own benefits to another approved pension arrangement. If the value exceeds £30,000 you must take independent financial advice before the transfer can proceed
- request early retirement if you are age 55 or over, although this is subject to the agreement of the trustee and the employer.

Before you make any decision about your benefits in the Scheme we would urge you to seek independent financial advice.



## BEHIND THE SCENES

This section lists the people and organisations who continue to manage the Scheme on your behalf.

### YOUR TRUSTEE

The Scheme is set up under 'trust' and managed by Capital Cranfield Pension Trustees Limited. The Scheme assets are held separately from those of Babcock Training Limited (BTL).

Our role as Trustee is to manage the Scheme in line with its own Rules and pensions law, and with all members' best interests in mind. We decide on the overall investment strategy and ensure that members' benefits are paid correctly and on time.

You can contact the Trustee at the address below:

Secretary to the Trustee, Guidance Pension Scheme  
Capital Cranfield Trustees Ltd  
Unit 15  
Poplars Court  
Lenton Lane  
Nottingham  
NG7 2RR

Or by email: [guidanceenterprises@cctl.co.uk](mailto:guidanceenterprises@cctl.co.uk)

### OUR ADVISERS

To help us run the Scheme, we appoint a number of professionals to advise us on areas which require particular expertise.

**Actuary:** N Atkin, Atkin Pensions

**Administrators:** Atkin Pensions

**Auditors:** J W Hinks LLP

**Lawyers:** Arc Pensions Law

**Fiduciary manager:** Schroders

**Banker:** Natwest

#### **Reminder: keeping us updated**

It is important that we have your correct details on file so that we can contact you about the Scheme and your benefits. If you change your name or move house, please remember to let us know using the attached form. Additionally if you are a pensioner member, please update us if there is a change to your bank or building society account.

It is also your responsibility to update your Expression of Wish form. This is the form we use to help us decide who any benefits should go to if you die before you retire. It is a good idea to update your form every so often, particularly if there is a change in your circumstances, for example if you marry or become a parent. Your form will automatically replace any previous nominations you made.

## CONTACT POINT

As a member of the Scheme, you can obtain further information on it on request. The contact details you need are:

Email: [email@atkin.uk.com](mailto:email@atkin.uk.com)

Phone: 0121 506 8200

Or write to:

Atkin Pensions  
Cornwall House  
Blythe Valley Business Park  
Solihull  
B90 8AF

## FURTHER INFORMATION

If you would like more general information about pensions and saving for retirement, there are a number of helpful websites.

<https://maps.org.uk/>

The Money & Pensions Service provides free, impartial advice on all money matters including pensions and how to find an IFA. Provides the MoneyHelper website.

<https://www.moneyhelper.org.uk/en/pensions-and-retirement>

<https://www.moneyhelper.org.uk/retirement-adviser-directory>

**www.gov.uk**

The Government's website features a section 'Working, jobs and pensions'.

<https://www.gov.uk/plan-retirement-income>

<https://www.gov.uk/state-pension-age>

[www.age.uk](http://www.age.uk) provides information on pensions and annuities

<https://www.ageuk.org.uk/information-advice/money-legal/pensions/>