



# **Scheme Newsletter 2024**

## **Guidance Pension Scheme**

January 2025

## **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 newsletter 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 newsletter looks at the reporting year to 5 April 2024.

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 developments including the change being made to the minimum retirement age.

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 14.

**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 2024. During the year, the overall value of the assets reduced by £281,878 to £15,774,038.

The reduction in assets was the result of a net decrease in the value of investments of £496,918, partially offset by net additions of £215,040 from employer contributions less payment of member benefits.. The Scheme uses a Liability-Driven Investment strategy which means, broadly, that the value of our assets is designed to move in line with the present value of our liabilities (how much we are likely to require to pay all the expected future benefits for members).

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 newsletter.

	At 5 April 2024	At 5 April 2023
<b>Value of the assets at start of year</b>	<b>16,055,916</b>	<b>22,524,112</b>
Deficit contributions received	900,000	900,000
Other contributions	-	-
Retirement benefits	684,956	528,247
Death benefits	-	5,759
Transfers out	-	-
Other leavers' benefits	-	-
Charges and expenses	4	5
<b>Total expenditure</b>	<b>684,960</b>	<b>534,011</b>
Bank Interest	-	-
Change in market value of investments (Note 1)	(412,260)	(6,705,069)
Investment management expenses	(84,658)	(129,116)
<b>Net returns on investments</b>	<b>496,918</b>	<b>(6,834,185)</b>
<b>Value of the assets at end of year</b>	<b>15,774,038</b>	<b>16,055,916</b>

Note 1 – Further information is provided in the Investment commentary section.

## THE MEMBERSHIP

This table shows how the Scheme's membership breaks down. We have included the 2023 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 2024	At 6 April 2023
<b>Deferred members</b> with preserved benefits in the Scheme	151	165
<b>Pensioner members</b> receiving benefits from the Scheme (including the dependants of members who have died)	146	132
<b>Total</b>	<b>297</b>	<b>297</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 2024 was 6% which was based on the increase in RPI inflation in the year up to September 2023. The increase to be applied in 2024 will be 2.7% based on the increase in the year up to September 2024.

## 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. If there is a deficit, the Trustee will agree with the employer, Babcock Training Limited ('BTL') a Recovery Plan to meet the deficit over short a period as possible.

The most recent funding update was based on the Scheme's position at 5 April 2024 the results of which are set out in the Summary Funding Statement issued alongside this newsletter. This showed that on 5 April 2024 the Scheme had a shortfall, results noted in the table below compared to the 2023 actuarial valuation.

Type of Valuation	Formal actuarial valuation	Annual actuarial update
Date	5 April 2023	5 April 2024
Value of the Scheme's assets	£16,015,000	£15,732,000
Value of the Scheme's liabilities	£19,991,000	£17,924,000
Surplus/(shortfall)	(£3,976,000)	(£2,192,000)

Although the Scheme does show a deficit, the funding position has improved.

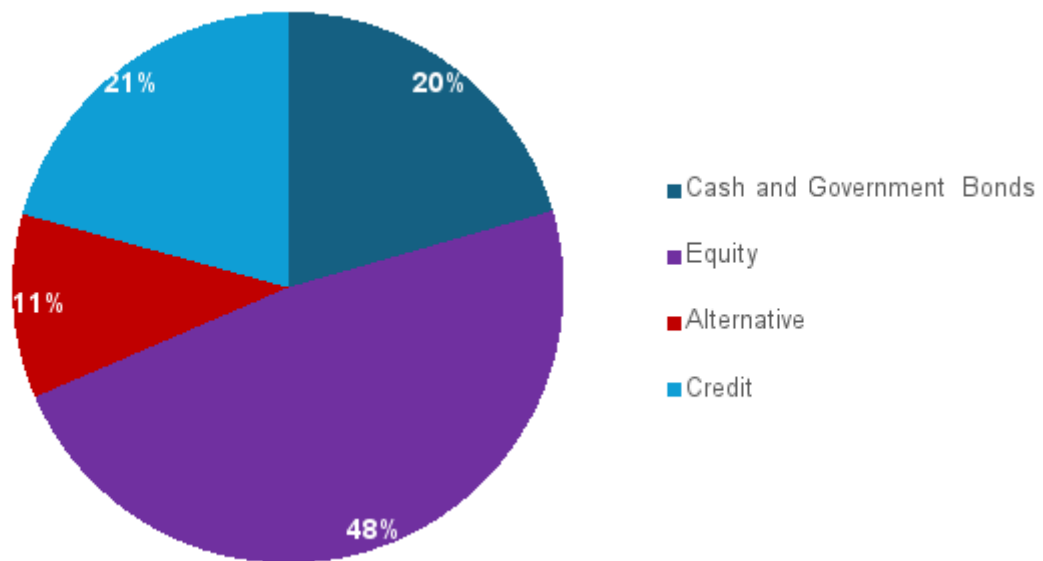
In order to meet the deficit identified in the 2023 valuation, the Trustee has agreed with Babcock Training Limited ('BTL') that it will continue to pay monthly deficit contributions of £75,000 which is expected to clear the deficit within four years and five months from the valuation date.

## 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 (including setting objectives and approving the strategy), day-to-day matters, as well as implementation of the investment strategy, are managed by Schroders Solutions within guidelines set by the Trustee.

### ASSET ALLOCATION

The chart shows the Scheme's agreed strategic allocation as at 31 October 2024.



The Scheme is targeting full funding on a prudent low dependency basis by November 2028 at which point the expectation that the Scheme would be sufficiently well funded to be able to adopt a low risk investment and funding strategy so that there is a very low expectation that further support would be required from the Employer.

Due to the strong funding position of the Scheme, it is currently ahead of that target and it has, therefore, been agreed that the Scheme would take some steps now to reduce the level of risk being taken and adopt a slightly lower return target. This has been reflected in the asset allocation above.

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://pensionpal.co.uk))

The SIP also sets out the Trustee's investment policies on Environment, Social and Governance ("ESG") factors including climate change, as well as stewardship matters, such as 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 engagement 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 year to 5 April 2024 the Scheme aims to outperform the expected liabilities by c.3.2% per year (or in monetary terms about £0.52m p.a.). We can project the expected cashflows on a year by year basis and then represent the liabilities by a collection of government bonds (gilts) and gilt like instruments that have similar characteristics as our Scheme's expected pension payments. This collection is called the Liability Benchmark Portfolio (LBP), and it's what we compare performance to. So, the aim is to do better than the LBP by 3.2% per year.

This approach means that a combination of Company contributions and investment return will together continue to improve the financial health of the Scheme towards full funding.

For the year ending 31 March 2024, the overall target was -3.8% (as the LBP fell in value as interest rates rose over the period, reducing the present value of the liabilities).

However, the Scheme's assets delivered -0.5%, so whilst negative it had a positive effect on the Scheme's financial health. The Trustees continue to monitor performance regularly.

# PENSIONS ROUND-UP

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

## INFLATION

UK inflation has shown signs of returning to Bank of England targets although conditions remain volatile. Pension scheme trustees and administrators continue to monitor these trends, ensuring their funding strategies and investment allocations remain robust to protect member benefits.

If you are considering retirement or transferring your benefits, it is strongly advised to seek regulated financial advice to understand the impact of inflation on your retirement income.

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

The Normal Minimum Pension Age is the earliest age most people can start taking benefits from a personal or workplace pension scheme. The minimum age is increasing from 55 to 57 on 6 April 2028.

If you were born before 6 April 1971 then this will not affect you. If you are already receiving a Scheme pension by 5 April 2028 then this will not affect you. It does not affect the Scheme's ability to pay benefits to dependants or to members who are allowed to retire because of their ill-health.

If you were born between 7 April 1971 and 5 April 1973 then you might be able to retire from your 55th birthday, but if you have not already retired before 6 April 2028 then you wouldn't then be able to retire until your 57th birthday. Please contact us using the contact details below if you would like details of the options available to you, preferably at least 6 months in advance. Note early retirement under the Scheme may be restricted and subject to Employer and/or Trustee consent.

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

## CHANGES PROPOSED FOR PENSION DEATH BENEFITS AND INHERITANCE TAX

The UK government is considering changes that would bring most death benefits from defined benefit (DB) pension schemes into the scope of Inheritance Tax (IHT).

It's important to note that IHT is only payable on estates exceeding the current allowance of £325,000 (or up to £1 million for some estates, depending on eligibility for the residence nil-rate band). Death benefits would only become taxable if the total value of the estate, including these benefits, exceeds the applicable allowance. While the details are yet to be confirmed, this proposal could impact estate planning for some members. We will keep you updated as further information becomes available.

## GMP EQUALISATION

Benefits for members who joined the Scheme prior to April 1997 include a Guaranteed Minimum Pension (GMP) which broadly replaces 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.

## KEEPING SAFE ONLINE

You will be aware in the media of high-profile cyber and data exfiltration attacks during the past year. Pension schemes are also a potential target for cyber criminals due to the data held. The Trustee takes the matter seriously and works with Atkin Pensions in particular to ensure there are controls in place and that we are aware any control testing undertaken. While every effort is made to keep your data safe, below are some important steps you can take to help protect yourself:

- ✓ **Look out for phishing emails or fraudulent activity** on your pension or other online accounts
- ✓ **Reset passwords** on your pension and other online accounts
- ✓ **Use strong, unique passwords** for each online account you have

## Lifetime Allowance (LTA) / Annual Allowance (AA) CHANGES

The LTA was removed on 6 April 2024 to be replaced with three different allowances:

- the lump sum allowance - £268,275
- the lump sum and death benefit allowance - £1,073,100
- the overseas transfer allowance - £1,073,100

The first two limit the amount of tax-free benefits that can be paid, the last to overseas transfers.

The lump sum allowance applies at a relevant benefit crystallisation event, which is when tax-free benefits are taken. Any amount of pension commencement lump sum or the untaxed part of an uncrystallised funds pension lump sum is deducted from this allowance, £268,275. The remaining amount, the income part, is taxed at the individual's marginal rate of income tax.

A check is made against these allowances when benefits are paid, these may be higher if the individual has lifetime allowance protection and will be reduced if benefits were taken between 6 April 2006 and 5 April 2024.

The AA also remains which is the maximum amount of pension benefits you can save each year with the benefit of tax relief. For the 2023/24 tax year, it is £60,000 but if you have a high income or have started to draw money purchase benefits in a flexible way, your annual allowance may be as low as £10,000 a year.

**If you are impacted by any of these changes, we recommend you seek professional advice prior to taking any action.**

## 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-authorised 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](https://www.ageuk.org.uk/information-advice/money-legal/pensions/) provides information on pensions and annuities

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