



NSPCC

Pension Scheme

Report to members 2023

EVERY CHILDHOOD IS WORTH FIGHTING FOR

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Chair's statement

Dear member

I am delighted to introduce this year's member newsletter.

It has been a challenging period for the Scheme, with volatile investment markets, the economic impact of the pandemic and the effects of the Russia/Ukraine crisis. Most scheme asset classes had negative returns in 2022, although property managed to buck this trend.

Media reports in 2022 on the Government's mini budget of 23rd September 2022 focused on the impact on Liability Driven Investment (LDI), a risk management strategy used by trustees to match assets with planned future payments from pension schemes.

Your pension benefits are not affected by the market movements, as you have a "defined benefit" pension. We want to reassure you that your benefits remain secure. The Scheme holds a mix of investments, including LDI to seek to maintain the funding position, which are spread across a range of different markets and sectors. Although there are high levels of protection in place from changes in interest rates and inflation, but given the level of volatility, the funding position did deteriorate following 23rd September 2022. A new Summary Funding Statement will be prepared in the summer setting out the funding level at 31st March 2023. We continue to monitor the financial health of the Scheme which is our top priority.

It's also been a challenging period for our administrator, Mercer, who has worked hard to maintain performance over periods of increased activity and absenteeism. Although a challenge during 2022, they prioritised critical activities such as payroll, pension increases and cashflows to minimise any disruption to members' benefit



payments. Mercer has reached the end of a period of recovery and services are expected to improve going forward with early signs showing that performance is improving.

A big part of the Trustee's role is agreeing a new funding plan every three years with the Society. Our advisers, including the Scheme Actuary, supported us through this process during 2021. More information can be found in the latest Summary Funding Statement on the website at members.pensionpal.co.uk/NSPCCPENSIONS

Please note that a more up to date Summary Funding Statement will be available in the summer.

The Trustee Board itself has changed too. Clare Murray decided the time was right to resign from her role as trustee director at the end of 2021. Philippa Webster resigned at the end of 2022 and had provided invaluable support to the Scheme. Both will be missed. We are pleased to welcome Tracey Dawkins who has returned to the board as a Society appointed trustee.

Finally, we have just written to members inviting nominations for the member-nominated director, as Alex Camm's term of office was due to come to an end. I am pleased to report that Alex has put himself forward to serve another term and has been selected as the member-nominated director for a further five years.

Going forward, the board consists of three trustee directors as follows:

- **Alex Camm** – Member-nominated director
- **Tracey Dawkins** – Society-nominated director
- **PAN Trustees UK LLP** – Independent professional trustee and chair

I hope you enjoy reading the report and find the content of interest.

Lynne Stewart-Brindle MBA
(Representing PAN Trustees UK LLP)
Chair of the Trustee

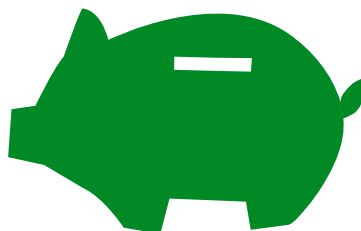
Report and accounts

– 31 March 2022

This section gives a summary of the annual report and accounts for the year ended 31 March 2022. A copy of the full report and accounts is available on request from Mercer.

Membership

Category	Explanation	No. of members
Pensioners	Members and beneficiaries receiving a pension.	1,366
Deferred	Employees and former employees who have yet to take their pension.	1,531
Total membership		2,897



Financials**£**

Value of the fund at 1 April 2021	183,504,246
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Income

Employer contributions (recovery plan)	1,800,000
Employer – additional contributions	11,400,000
Contributions in respect of Scheme expenses	425,000

Total income	13,625,000
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Expenditure

Pensions paid	(4,775,156)
Lump sums on retirement	(1,047,624)
Lump sums on death	(21,809)
Individual transfers out	(832,848)
Administrative expenses	(413,302)

Total expenditure	(7,090,739)
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Return on investment

Investment income	3,554,367
Investment management costs	(58,103)
Change in the value of investments	(2,528,376)

Net returns on investments	967,888
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Value of the fund at 31 March 2022	191,006,395
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Investments

The Trustee has drawn up a Statement of Investment Principles (the “SIP”) to set out the investment principles that govern decisions about the Scheme’s investments. The Trustee takes advice from the Scheme’s investment consultant regarding investment policy. In matters where the investment policy may affect the Scheme’s funding, input has also been obtained from the Scheme Actuary. The latest SIP, which is dated December 2021 is available online at: [**members.pensionpal.co.uk/NSPCCPENSIONS**](https://members.pensionpal.co.uk/NSPCCPENSIONS)

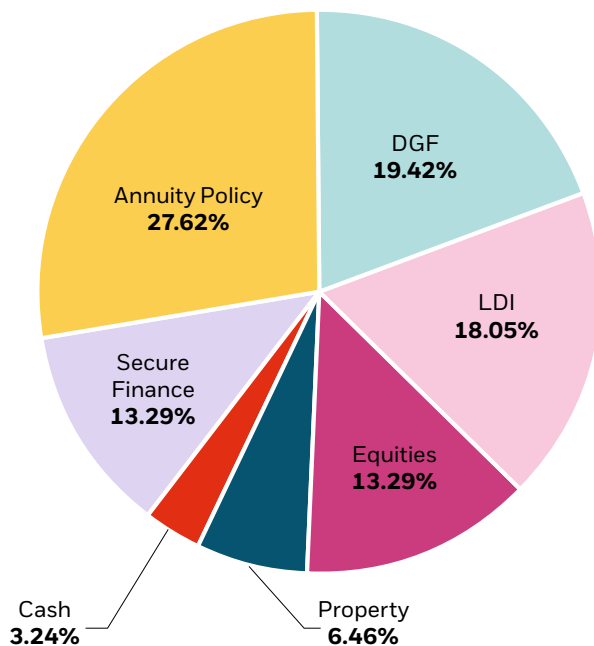
The Trustee invests the assets of the Scheme in a fiduciary arrangement with Mercer Limited (“Mercer”). Under this arrangement Mercer are appointed as a discretionary investment manager and day-to-day management of the Scheme’s assets is by investment in a range of specialist pooled funds (the “Mercer Funds”). Management of the assets of each Mercer Fund is undertaken by a Mercer affiliate, Mercer Global Investments Europe Limited (“MGIE”). MGIE are responsible for the appointment and monitoring of suitably diversified portfolio of specialist third party investment managers for each Mercer Fund’s assets.

Additionally, the Trustee has appointed Legal & General investment Management (“LGIM”) as investment manager for the Scheme’s property fund.

Under these arrangements, the Trustee accepts that they do not have the ability to directly determine the engagement or voting policies or arrangements of the managers of the Mercer Funds nor the LGIM Property Fund. However, the Trustee has made Mercer aware that they expect MGIE to manage assets in a manner, as far as is practicably possible, that is consistent with the Trustee’s engagement policy and their policy regarding the exercise of rights attaching to the Scheme’s investments. The Trustee reviews regular reports from Mercer regarding the engagement and voting undertaken on their behalf in order to consider whether their policies are being properly implemented. The Trustee also monitors the LGIM Fund and reviews it on a periodic basis.

The Trustee’s Annual Engagement Policy Implementation Statement (the “Statement”) sets out the Trustee’s assessment of how, and the extent to which, they have followed their engagement policy and their policy regarding the exercise of rights (including voting rights) attaching to the Scheme’s investments during the one-year period to 31 March 2022. The Statement is available online at: [**members.pensionpal.co.uk/NSPCCPENSIONS**](https://members.pensionpal.co.uk/NSPCCPENSIONS)

Invested assets at 31 March 2019



Equity Funds	£25,365,208
Diversified Growth Funds	£37,064,618
Liability Driven Investment (LDI) Funds	£11,446,938
Property Funds	£12,334,106
Cash Funds	£6,179,617
Secure finance	£22,739,041
Annuity policy	£52,725,000

Total £190,860,183

Investment strategy

The Trustee's objective is to invest the Scheme's assets in the best interest of the members and beneficiaries.

The Trustee has decided to take some investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide while maintaining a cautious approach to meeting the Scheme's liabilities. The Trustee's willingness to take investment risk, and the degree of investment risk, is dependent on the continuing financial strength of the Society and its willingness to contribute appropriately to the Scheme. The financial strength of the Society and its commitment to the Scheme is monitored and the Trustee will consider reducing investment risk relative to the liabilities should either of these deteriorate.

More information regarding the Trustee's investment strategy is available in the SIP. This document is available online.

Performance

We measure the investment managers' performance by comparing the returns achieved against a performance target or 'benchmark' that we have agreed with them. Each investment manager's performance is normally shown over a one- and three-year period. However, as assets other than those invested in the LGIM Property Funds have been invested in for less than one year to 31 March 2022, details of performance against the benchmark is shown below.



Fund	Last year		Last 3 years		Since inception	
	Fund (%)	B'mark (%)	Fund (% p.a.)		Fund (%)	B'mark (%)
LGIM Property Fund	22.9	23.9	8.3	8.4	6.6	7.2
Mercer Passive Global Equity CCF - Class M-1Gbp	-	-	-	-	-0.6	-0.6
Mercer Passive Global Equity CCF - Hedge	-	-	-	-	-0.8	-0.8
Mercer Diversified Growth Fund	-	-	-	-	-1.0	1.1
Schroder Secured Finance Fund	-	-	-	-	-0.2	0.1
Insight Secured Finance Fund	-	-	-	-	-0.1	0.1
Medium Flexible Fixed (LDI)	-	-	-	-	-41.3	-41.4
Long Flexible Fixed (LDI)	-	-	-	-	-46.3	-46.3
Short Flexible Real (LDI)	-	-	-	-	-6.1	-6.5
Medium Flexible Real (LDI)	-	-	-	-	-24.0	-24.1
Long Flexible Real (LDI)	-	-	-	-	-33.0	-33.0
UK Cash (Matching)	-	-	-	-	0.0	0.1
Total	-	-	-	-	-12.6*	-12.5*

Figures shown are based on performance provided by the Investment Managers, Mercer estimates and Refinitiv.

*Excludes LGIM Performance.

Inception date for all Mercer funds is 30 November 2021; for Insight and Schroders.

Secured Fund the inception date is 1 December 2021.

Inception date for LGIM Property fund is 20 October 2004.

Policy on environmental, social and governance (ESG) and climate change

The Trustee believes that good stewardship and the incorporation of ESG factors into their investment decision-making processes can have a material impact on the financial and non-financial performance of the Scheme's assets over the medium and longer term. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that require the Trustee's explicit consideration.

Details of how the Trustee's policy on ESG and climate change has been implemented over the year can be found in the Trustee's Engagement Policy Implementation Statement which is available online.

Communications

We have written to you separately about changes in the way the Trustee would like to communicate with you in future. The changes will affect general communications issued to all members and monthly payslips issued to pensioner members of the Scheme.

Website

A significant proportion of the cost of issuing communications to members is the mailing cost and so where we can, we would like to make communications available to you on the Trustee's website: members.pensionpal.co.uk/NSPCCPENSIONS

It is a legal requirement to make certain documents available online, including the Statement of Investment Principles, which sets out the Scheme's investment strategy. This includes the investment objectives and investment policies. We want to build on this by making more documents available to you online and you can now access this newsletter and the latest Summary Funding Statement.

Please note that you are entitled to receive certain documents by post, including the Summary Funding Statement, if you make a written request to the Trustee. If you would prefer not to access the Summary Funding Statement or newsletter through the website then please write to the Trustee, c/o Mercer. Contact details are shown at the end of this newsletter.

Payslips

Pensioners currently receive a payslip each month with details of the amount of pension they receive from the Scheme. With effect from 2022, this changed and pensioners now only receive a payslip when the net monthly payment changes by £1 or more from the previous month.

Pensioners will continue to receive a payslip annually in April each year, although there is no statutory requirement for payslips to be provided. An annual P60 is required by law and these will continue to be issued in the post each year.



Member options

Deferred pension

You can leave the benefits you have earned in the Scheme until you reach your normal retirement age, although it is possible to take benefits earlier or later than this. The earliest age from which you can start to draw a pension from the scheme is currently age 55, unless you are retiring on the grounds of ill-health (certain conditions apply). The Government intends to increase the earliest age of 55 to age 57 from 6 April 2028.

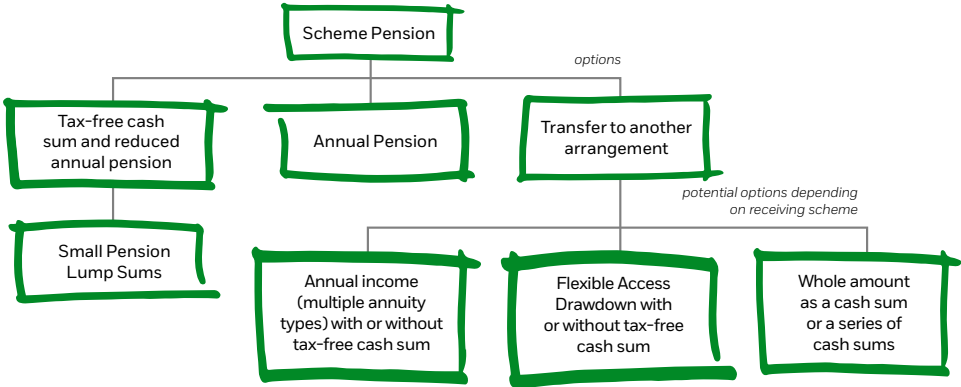
If you have not yet started to draw on your pension from the Scheme, you can choose to transfer benefits to another pension arrangement. This could be a new employer's scheme or a pension arrangement that you have set up yourself.

If you would like more information about a transfer, or if you are over age 55 and would like a retirement illustration, then please contact our administrator, Mercer.

Retirement benefits

For most members the Scheme's normal retirement age is 65. If you decide to retire earlier than this, your benefits will be reduced to reflect the fact that you would receive pension payments for a longer period of time. Similarly, if you decide to retire later than your normal retirement age, your benefits would be increased for later payment.

The diagram below sets out some of the options available to members when they are considering taking their retirement benefits.



Small Pension Lump Sums

For smaller pensions, you may be able to take the whole of your entitlement as cash. Broadly speaking, smaller entitlements are available where the combined value of all your pension benefits under all pension arrangements (ignoring any State Pension) does not exceed £30,000.

If the value of your benefits under the Scheme is less than £10,000, you may be able to take it all as cash without taking into consideration any other pension benefits you may have.

If you are able to take all of your Scheme benefits as a cash lump sum, 25% of the amount would be paid tax-free, and the remainder would be added to your income for the year and taxed accordingly.

Transfer values

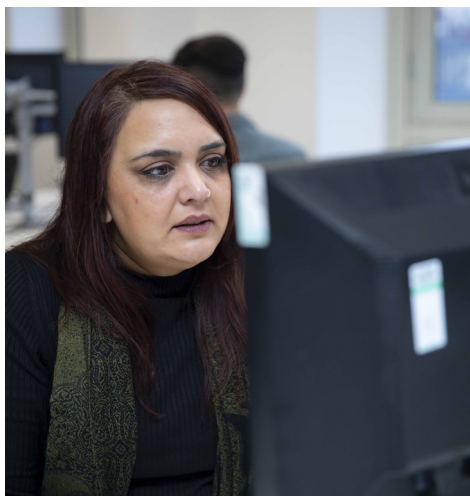
You may wish to transfer your benefits to defined contribution (money purchase) pension arrangements where other retirement options could be available to you. Where a transfer value of 'defined benefit' pension under the Scheme is over £30,000, legislation requires you to take financial advice on whether a transfer is the right thing for you to do.

Please note you are entitled to only one transfer value quotation each year before you retire.

Independent financial advice

Find out more about choosing a financial adviser at the Money Advice Service website:

moneyadvice.service.org.uk/en/articles/choosing-a-financial-adviser



Pension scams

Pension scams are on the rise in the UK and fraudsters are using ever more sophisticated ways to part savers from their money. Credible websites and convincing testimonials are hard to distinguish from the real thing. Scammers use attractive offers to persuade you to transfer your pension pot or to release funds from it. It can be invested in unusual and high-risk investments like overseas property, renewable energy bonds, forestry and storage units, or just simply stolen outright.

Protecting our members

We take pensions scams very seriously and, with the support of our advisers, regularly review the procedures in place to protect our members. We undertake due diligence checks on all transfers, with suspect cases referred to technical experts and the trustees before settlement can take place.

Part of our duty is to make you aware of the risks so that you are taking the appropriate steps to protect yourself when considering taking a transfer from the Scheme.

What can you do to protect yourself?

1. Reject unexpected offers

If you're contacted out of the blue about a pension opportunity, chances are it could be high risk or a scam.

If you get a cold call about your pension, the safest thing to do is to hang up – it is illegal and probably a scam. Report pension cold calls to the Information Commissioner's Office (ICO).

Be wary if you're contacted about any financial product or opportunity and they mention using your pension.

If you get unsolicited offers via email or text, you should simply ignore them. Fortunately, most people do reject unsolicited offers – our research suggests that 95% of unexpected pension offers are rejected.

Be wary of offers of free pension reviews. Professional advice on pensions is not free. A free offer out of the blue (from a company you have not dealt with before) is probably a scam.

Don't be talked into something by someone you know, even a friend or family member. They could be getting scammed. Check everything yourself.

2. Check who you're dealing with

Check the Financial Services Register: register.fca.org.uk/s/ to make sure that anyone offering you advice or other financial services is FCA authorised, and that they are permitted to provide you with those services.



If you need any help checking, call the FCA's Consumer Helpline on **0800 111 6768**.

Make sure the firm you are dealing with is not a clone. A common scam is to pretend to be a genuine FCA-authorized firm (called a 'clone firm'). Always use the contact details on the Financial Services Register, not the details the firm gives you.

If you use an unauthorised firm, you won't have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS), so you're unlikely to get your money back if things go wrong.

If you use an authorised firm, access to the Financial Ombudsman Service and FSCS protection will depend on the investment you are making and the service the firm is providing.

Check the directors' names and whether the firm is registered with Companies House. Search the company name and the directors' names online to see if others have posted any concerns.

You can also check the FCA warning list to find out if there are any risks of a potential pension or investment opportunity. This will allow you to see if the firm is known to be operating without our authorisation.

3. Don't be rushed or pressured

Take your time to make all the checks you need, even if this means turning down an 'amazing deal'. Be wary of promised returns that sound too good to be true and don't be rushed or pressured into making a decision.

4. Get impartial information and advice

You should seriously consider seeking financial guidance or advice before changing your pension arrangements.

MoneyHelper provides free independent and impartial information and guidance.

If you're over 50 and have a defined contribution pension, MoneyHelper's Pension Wise offers pre-booked appointments to talk through your retirement options.

You can also use a financial adviser to help you make the best decision for your own personal circumstances. If you do opt for an adviser, make sure they are regulated by the FCA and never take investment advice from the company that contacted you, as this may be part of the scam. Find out more about getting financial advice.

Introducing MoneyHelper

The Money and Pensions Service (MaPS) was created in 2019 from the Money Advice Service, The Pensions Advisory Service and Pension Wise. It was combined to create a single body, bringing together three financial guidance services, to make it easier for you to find what you're looking for in one place.

MaPS has consolidated its three services under a new brand called MoneyHelper. Consolidating should result in people getting a better service with a one-stop shop for all information and guidance relating to pensions.

A brand-new website has been set up at moneyhelper.org.uk/en

Other important information

State Pensions

The full new State Pension is £185.15 per week for the 2022/23 tax year.

Entitlement to the full amount is subject to having a minimum number of qualifying years of national insurance contributions. Some individuals may be entitled to an amount above the full amount, if they have earned credits under the 'old' two-tier State Pension.

Further details on the new state pension can be found on the following website: [**gov.uk/new-state-pension**](https://gov.uk/new-state-pension)

Those who reached State Pension age before 6 April 2016 will continue to receive their State Pension in line with the 'old' rules. Please note that it is the date that you reach State Pension age that is important, not when you start to receive these benefits.

Further details on the old state pension can be found on the following website: [**gov.uk/state-pension**](https://gov.uk/state-pension)

State Pension age

The State Pension age is currently under review and may change in the future. To check your current State Pension age, please visit the following website: [**gov.uk/state-pension-age**](https://gov.uk/state-pension-age)

Data protection

Details of how the Scheme uses and protects the personal information that it holds about its members and other beneficiaries are set out in the Trustee's Privacy Notice. The latest version is available online at: [**members.pensionpal.co.uk/NSPCCPENSIONS**](https://members.pensionpal.co.uk/NSPCCPENSIONS)

The trustees

The Scheme is run by a trustee company, NSPCC Pension Scheme Limited, which works independently of the Society. The directors of the trustee company act as the Scheme's trustees and are referred to as such in this report.

Your trustees are:

Society appointed

Represented by Mrs Lynne Stewart-Brindle,
independent trustee and chair of the trustees
Tracey Dawkins

Member-nominated

Alex Camm

Trustee knowledge and understanding

To carry out our duties and responsibilities effectively it is important for us to have a good understanding of how the scheme works, so we can put a good framework of governance in place. This requires us to undertake regular training so that our knowledge is up to date and relevant. Over the year, we have had training on scheme funding; secure finance (asset class); Liability Driven Investments (asset class); Fiduciary Management; and ethical, social and governance issues in relation to our investments. Although we receive specialist training, we also recognise that it is important to take appropriate advice.

Decision making

In certain circumstances we are required to use our discretionary powers when making a decision. To help us to make decisions there may be circumstances where we need to ask you or your beneficiaries for more detailed information so that the decisions are based on relevant and up-to-date information. This could include requesting information and evidence about your health if you have enquired about retiring on the grounds of ill health or incapacity, or requesting information about beneficiaries, their financial circumstances and details of any financial dependency on you where we are looking to settle benefits after death. The information and level of detail required will depend on the circumstances of each case.

Our advisers

We appoint various professional advisers to help in the day-to-day duties and to give us guidance on the more specialist aspects of running the scheme.

Our current advisers are:

Scheme actuary

Mike Powell, FIA
Mercer

Covenant advisers

Cardano Advisory

Investment advisers

Mercer

Legal advisers

Pinsent Masons

Auditor

Harmer Slater

Investment managers

Mercer Limited
Legal & General Investment Management Limited



More information

If you have any questions, please do not hesitate to contact us.

There are a number of ways to do this but we suggest that you use the online webpage if you can. You can also reach us at:

The Trustees of the NSPCC Pension Scheme
c/o Mercer
Post Handling Centre
Maclaren House
Talbot Road
Stretford
Manchester
M32 0FP

Online: contact.mercer.com

The administration team can be contacted by telephone on **0345 074 4051**.





Together we can help children who've been abused to rebuild their lives. Together we can protect children at risk. And, together, we can find the best ways of preventing child abuse from ever happening.

We change the law. We visit schools across the country, helping children understand what abuse is. And, through our Childline service, we give young people a voice when no one else will listen.

But all this is only possible with your support. Every pound you raise, every petition you sign, every minute of your time, will help make sure we can fight for every childhood.

nspcc.org.uk

EVERY CHILDHOOD IS WORTH FIGHTING FOR

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Photography by Adrian James White and Tom Hull. The adults pictures are models and volunteers. J20230041.