Richards Hogg Pensions & Life Assurance Scheme

NEWSLETTER

August 2022 .

Note from the Trustees

The Pensions Regulator's combined Code of Practice is expected to come into force in Autumn 2022. The Trustees are in the process of reviewing the Scheme against the requirements to ensure that it is compliant with the new governance measures.

Included in this Newsletter are notes on the important topics that are on our agenda this year, updated details of the fund and details of how to spot a scammer. The latest Summary Funding Statement (SFS) as at 30 April 2021 is also attached.

The economic background continues to be uncertain, and the Trustees are continuing to work closely with, and receive regular updates from, all our advisers.

The Trustees of the Richards Hogg Pensions & Life Assurance Scheme

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Management of the Scheme

Trustees

Since the August 2021 Newsletter Update, there have been no changes to the Trustee board.

The current Trustee are:

David Habgood	Chair of Trustees
Andrew Paton	Member Nominated Trustee
Gordon Whyte	Member Nominated Trustee
Barbara Jennings	Company Nominated Trustee

Every 3 years the Trustees review the Member Nominated Trustee procedure to consider whether there are any reasons why they should amend the current arrangements (such reasons would include material change in membership, or the current MNTs not being reflective of the current membership). The latest review was carried out in April 2021, following which the existing arrangements remain in place. The Member Nominated Trustees' current 5-year terms of office expire in June 2023 at which time a further nomination process will take place.

IMPORTANT POINTS

All contributions due from the Company have been paid to the Scheme.

The latest annual pension increases were applied with effect from 1 May 2022.

Regular Scheme Information

We regularly send members of the Scheme certain communications, some of which are required by law. The information provided differs depending on whether you are an Active, Deferred or a Pensioner member. An Active member is a current employee who is currently contributing to the Scheme (the Scheme is closed to new entrants, as such no further employees can contribute to the Scheme). A Deferred member is a member who is no longer contributing to the Scheme but has not yet drawn their pension. A Pensioner is a member who is currently in receipt of a pension from the Scheme.

A summary of these communications is set out below:

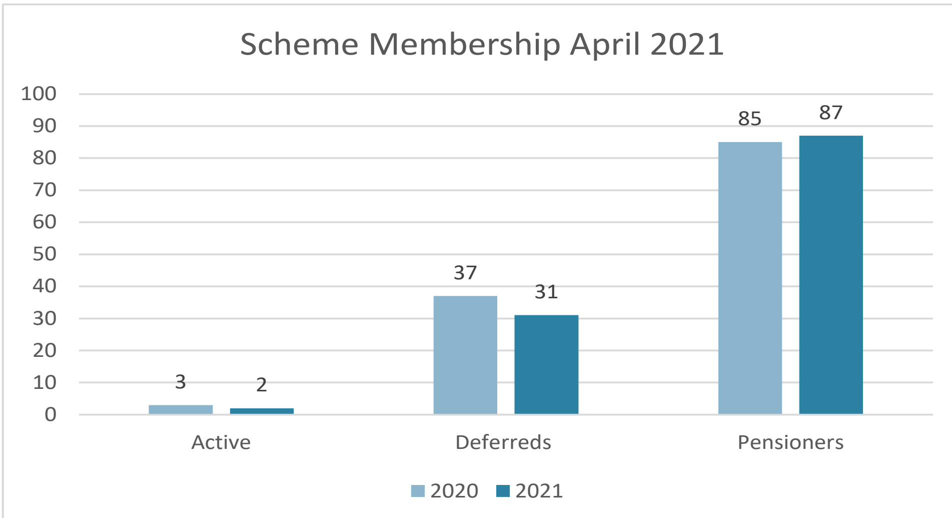
- ***Newsletter*** – This provides general information about the Scheme, including a summary of the annual accounts.
- ***Summary Funding Statement*** – This contains information about the funding position of the Scheme and is included as a separate attachment to this Newsletter.
- ***Pension Increase Letter*** – This confirms the annual increase to their pension payment and is sent to Pensioner members only.
- ***Member Nominated Trustees' Nomination process*** – This is sent to all members every 5 years.
- ***Annual Benefit Statement*** – This confirms the pension benefits accrued over the previous year of Pensionable Service and is sent to Active members only.

A copy of the latest newsletter, Summary Funding Statement, Statement of Investment Principles and the full latest Trustees Report and accounts can be found here: https://members.pensionpal.co.uk/RichardsHoggPensions

Scheme Summary as at the end of the Scheme's financial year – 30 April 2021

(including latest financial highlights)

At the date of the latest Trustees' Report and Accounts the Scheme membership was as follows (compared to the previous year):



Financial Highlights

The assets of the Scheme increased from £26.94m at 1 May 2020 to £29.62m at 30 April 2021.

Net Assets as at 1 May 2020	+	*Contributions*	+	*Return on investments*	−	*Benefits Payable*	=	*Net Assets as at 30 April 2021*
£26.94m		*£1.77m*		*£3.63m*		*£2.72m*		*£29.62m*

Investment Performance

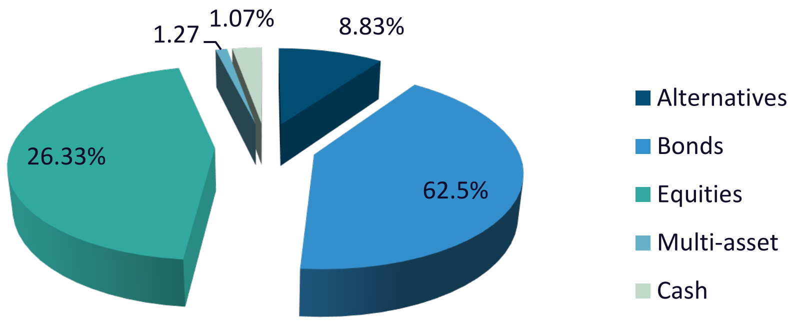
The Scheme's overall investment performance to 31 December 2021 and 31 March 2022 was as follows:

	1 Year (%)	3 years (annualised) (%)
31 March 2022	+1.93	+5.90
31 December 2021	+8.42	+11.88

The Trustees continue to keep a close watch on the Scheme's investments and receive regular updates from their Investment Managers and their Investment Adviser.

Investment Strategy

As at 31 March 2022 the assets of the Scheme were invested as follows:



In May 2022, the Trustees decided to take further advantage of favourable market conditions and increase their exposure to lower risk assets (i.e. bonds) and reduce their equity holding. This is aligned to the Trustees plan to reduce investment risk.

Investment Meanings

An **alternative** investment is a financial asset that does not fall into one of the conventional equity/income/cash categories.

A **bond** is a fixed income instrument that represents a loan made by an investor to a borrower (typically corporate or governmental).

Cash is held in the Trustees' bank account. For paying pensions etc.

A **multi-asset** investment is a combination of asset classes (such as cash, equity or bonds) used as an investment. A multi-asset class investment contains more than one asset class, thus creating a group or portfolio of assets.

An **equity** investment is money invested in a company by purchasing its shares on a stock exchange.

Scheme Events

Formal valuation as at 30 April 2021

Following discussions with the Company to agree an appropriate recovery plan to pay off the deficit, the formal Actuarial Valuation as at 30 April 2021 has now been completed. The Scheme Actuary has also provided an annual funding update as at 30 April 2022.

The attached Summary Funding Statement outlines the results of both the formal valuation and the funding update. Funding levels have improved and to date, all contributions have been received from the Company in line with the latest Recovery Plan.

Increases to Pensions in Payment

Pensions in payment by the Scheme will increase with effect from 1 May each year in line with the Scheme Rules.

Current/forthcoming pension topics – What's on the Trustees' agenda?

The Trustees discuss many items at their three annual meetings (timings approx. April/September/December), including the items mentioned in the previous sections. Trustees also review and discuss matters pertaining to the Scheme on a regular basis during the periods between their formal meetings.

Some other items that the Trustees have on their agenda that they would like to make you aware of are as follows:

The Pensions Regulator's new single Code of Practice

As noted in the last Newsletter the UK pensions governing body (The Pensions Regulator) provides guidance for pension schemes (known as Codes of Practice). They are in the process of combining their Code of Practice which is expected to come into force in Autumn 2022. It brings together in shorter form 10 of the 15 current codes, mainly those concerning governance and administration. Codes of practice are not statements of the law nor must they be complied with, but when determining whether legal requirements have been met, a court or tribunal must take into account any relevant provisions of a code.

Over the coming months the Trustees are reviewing the Scheme against the requirements to ensure that they are compliant with all the new governance measures.

Climate Change – ESG and TCFD Requirements

The Trustees take into account environmental, social and governance (ESG) factors including climate change when reviewing their investments. This is important as the Trustees believe that making positive decisions on ESG factors will support and contribute to the good long term financial performance of the Scheme. The Trustees' views are set out in their Statement of Investment Principles which is available via the following link:
https://members.pensionpal.co.uk/RichardsHoggPensions

Taskforce for Climate Related Financial Disclosure (TCFD) is the most well known climate risk reporting initiative in the world. From 6 April 2022, over 1,300 of the largest UK-registered companies and financial institutions must disclose climate-related financial information. In order to meet TCFD requirements, a key focus of the Trustee over the coming months will be to consider how the Scheme can integrate climate change considerations into the Scheme's reporting and investment processes.

Schemes with more than £5bn in assets must meet climate governance requirements and publish a TCFD report by end of 2022. Schemes with more than £1bn in assets must meet these requirements before the end of 2023.

Equalisation of Guaranteed Minimum Pensions

As mentioned in the June 2020 Newsletter, at the end of 2018 a judgment was handed down in the case of *Lloyds Banking Group Pension Trustees Limited v Lloyds Bank PLC and others* which determined that members' Guaranteed Minimum Pension (GMP) benefits should be equalised between men and women.

The Scheme Actuary estimates that this judgment will result in a very small change to pensions in payment and only to some categories of Scheme members.

Work has commenced on the equalisation of GMP benefits and the Trustees continue to work closely with the Scheme Actuary and the Sponsoring Employer to decide what method of equalisation is most appropriate for the scheme.

Scheme members, who are affected by this judgement, will be contacted before implementation with details of the changes to their benefits. This is expected late 2022/early 2023. The Pensions Regulator requires scheme Trustees to regularly review the quality of scheme data. The annual data cleanse exercise is underway and this will ensure that the correct data is used for the purpose of calculating the equalised GMP benefits.

Combatting Pension Scams

In previous newsletters we have highlighted the importance of looking out for anything suspicious if you are contacted about your pensions. This is especially true with the current pandemic, as it has seen an increase in scams.

On 8 November 2021, regulations designed to protect savers against pension scams were laid before Parliament, alongside new TPR guidance to help guide trustees, pension managers and administrators through the new requirements.

With the aim of making it "as hard as possible for criminals to carry out their malevolent intentions", the regulations introduce new conditions restricting the statutory right to transfer for both occupational and personal pension schemes.

What does this mean for members looking to potentially transfer their benefits out of the pension scheme?

Under the new regulations, the trustees and scheme managers of occupational and personal pension schemes may only permit a transfer if one of two new conditions are satisfied.

The first condition will be met if the transfer is to a low risk scheme: a public sector scheme, an authorised master trust or an authorised collective money purchase scheme. The second condition will be met if the transfer is to an occupational pension scheme and you can demonstrate an 'employment link' and if the transfer is to a qualifying recognised overseas pension scheme (QROPS) you must demonstrate a 'residency link'.

Transfers to all other schemes will be subject to a ‘flag’ regime. Where there are tell-tale signs of fraud or methods frequently used by scammers, trustees and scheme managers will be able to prevent a transfer request – giving it a ‘red flag’. In other circumstances where fraud is suspected, an ‘amber flag’ will pause a transfer and you will be required to attend a guidance session with Money and Pensions Service (MaPS) before the transfer can proceed. To determine whether any amber flags apply the administration team may ask you several intrusive questions. High risk or unregulated investments in the receiving scheme and unclear or high scheme charges are examples of amber flags.

It is good to remember that pension scams can take many forms and usually appear to most to be a legitimate investment opportunity. But pension scammers are clever and know all the tricks to get you to hand over your savings. They target anyone and everyone, pressuring you into transferring your pension savings, often into a single investment.

The investments are normally overseas, where you have no consumer protection, and typically promise you a high guaranteed rate of return (typically 7 or 8% or higher). These are often false investments in luxury products, property, environmental solutions or storage and parking, which often don’t exist or are extremely high risk with low returns.

REMINDER : Scammers can be articulate and financially knowledgeable, with credible websites, testimonials and materials that are hard to distinguish from the real thing. Scammers design attractive offers to persuade you to transfer your pension pot to them. The pension funds are then invested in unusual and high-risk investments like overseas property, renewable energy bonds, forestry, storage units, or simply stolen outright.

The warning signs

- Contact out of the blue – cold calling about your pension is now illegal.
- Promises of high/guaranteed returns
- Free pension reviews
- The promise to get you access to your pension before age 55
- High pressure sales tactics

How can you protect yourself?

- Reject any unexplained pension offers
- Check who you are dealing with before changing your pension arrangements
- Do not be rushed into making any decision about your pension
- Consider getting impartial information and advice

Use The Financial Conduct Authority’s ScamSmart website to:

- *Check an investment or pension opportunity that you’ve been offered and avoid a scam.*
- *Find out how to protect yourself from the most common types of scams.*
- *Find out how to watch out for online trading scams.*
- *Take the FCA quiz - could you spot an investment scam?*

ScamSmart at **www.fca.org.uk/scamsmart**

What to do if you think you’re being targeted:

1. Contact your pension provider straight away. They might be able to stop a transfer that hasn’t taken place yet.

2. Report it on the FCA Scam Smart website and to Action Fraud on 0300 123 2040. Or report it on the Action Fraud website. Action Fraud will collect the information and give you a police crime reference number. You can see the status and update details of your case through their online crime report system.

3. You can report a regulated financial adviser or unauthorised adviser to the FCA by contacting their Consumer Helpline on 0800 111 6768 or reporting it online on the FCA website.

Member Communications

Member Information Verification Exercise

The Pensions Regulator requires Trustees to review the data they hold in order to ensure that members' benefits are based on the correct information.
In the last Newsletter we noted that the Trustees would be writing to you with details of the information they hold and will ask you to confirm it is correct or, alternatively, notify them of any errors. This exercise has been delayed but Trustees are expecting to undertake this in Q1 2023.

Communication Preferences

The Trustees regularly send members information about the pension Scheme. As we have found with the 2020 pandemic there are times when contacting members via post may be difficult. If you have not advised us already and would prefer to receive these communications via email please do let the Secretary to the Trustees, or Cartwrights know (RichardsHoggPensions@cartwright.co.uk). We will still post out communications to those who wish to receive them in hard copy format. Also, if we have an email address for you it will be easier to trace you in future, should you move home.

Minimum Age for Drawing Benefits

The Government has confirmed that normal minimum pension age under the Finance Act 2004 will be increased from 55 to 57 from 6 April 2028.

Normal minimum pension age (NMPA) is the lowest age at which benefits can generally be taken without incurring an unauthorised payments tax charge.

If you decide to draw your pension before age 65, your pension will be reduced for early payment.

If you would like an early retirement quotation or a transfer value quotation, please contact Cartwright using the contact details on page 9.

Notification of Change of Address

Please ensure that you notify Cartwright (RichardsHoggPensions@cartwright.co.uk) if you change your home address otherwise we will not be able to contact you with details of your entitlement and you will not receive communications regarding the Scheme.

Useful Contacts

When to contact the Scheme Administrator

To avoid any difficulties in contacting you or in processing your benefits please notify the Administrator, using the contact details below, of any changes, such as:

- **If you change your home address**
- **If you change your name (marriage / divorce)**
- **If you change your email address/ telephone number**
- **If you start divorce proceedings**

Or, in the following circumstances:

- **To receive a pension illustration if you are approaching your normal retirement age or eligible for early retirement.**
- **Should you, or your financial adviser, wish to request a current transfer value.**
- **To receive copies of any Scheme documents.**
- **Should you have any queries about your benefits or the Scheme.**

Scheme Administrator

The Scheme Administrator is Cartwright Benefit Consultants Ltd and they are your main point of contact while you are a member of the Scheme. For any enquiries about your pension entitlements, please contact them using the following:

Contact details for member enquiries:

Tracy Wooderson
Cartwright Benefit Consultants Ltd
250 Fowler Business Avenue
Farnborough Business Park
Farnborough
Hampshire
GU14 7JP

Email: richardshoggpensions@cartwright.co.uk

Secretary to the Trustees

Should you have any queries about the Scheme or have any comments on this newsletter please contact the Secretary to the Trustees:

Irene Campbell
Secretary to the Trustees
Charles Taylor Limited
The Minster Building
21 Mincing Lane
London EC3R 7AG
Telephone: 07880277968
Email: irene.campbell@charlestaylor.com

Statistical and Other Bodies

Money Helper
https://www.moneyhelper.org.uk/

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
East Sussex, BN1 4DW
http://www.thepensionsregulator.gov.uk

The Office of the Pensions Ombudsman
10 South Colonnade
Canary Wharf, London, E14 4PU
Telephone: 0800 917 4487
http://www.pensions-ombudsman.org.uk

HMRC – Useful Contact Details

PAYE ref for pensioners: **475/GB39373** Telephone – 0300 200 3300
(Note: You will require your NI number and Pension Reference for identification purposes)

HMRC Records Retrieval Service (retain historical data, including P60 details)
Telephone – 03000 552 292 Email: info.sars@hmrc.gsi.gov.uk