

Pensions Newsletter & Summary Funding Statement 2020

Letter from the Chair

Welcome to the 2020 pensions newsletter for members of the Unite Pension Scheme (the Scheme).

The primary purpose of this newsletter is to update you on the financial development of the Scheme. We have also provided extra information about the Scheme, its operation and new regulations surrounding pension schemes.

The annual report and accounts have been produced for the year ended 30 September 2019 and are summarised in this newsletter. If you would like a copy of the annual report and accounts, please contact the Secretary.

The most recent actuarial valuation of the Scheme was carried out with an effective date of 30 September 2017. The results of this valuation are summarised on page 2 and are shown alongside the Scheme Actuary's estimate of Scheme's funding position at 30 September 2018 and at 30 September 2019.

I hope that you will find this newsletter useful and interesting as a measure of the contribution that the Scheme makes to the welfare of the past and present employees of Unite and its predecessors.

Tony Woodhouse

Chair

Unite Pension Scheme Trustee Limited

Covid-19

The Trustee is monitoring the Scheme carefully during the Covid-19 crisis and we are working hard to make sure your benefits remain safe. The Scheme's investments are widely diversified, including assets such as bonds and liability-driven investments (LDI), which have not fallen in value by as much as company shares.

Our key priority at the current time is to ensure that pensions continue to be paid. First Actuarial, who administer the Scheme, are working from home, but have systems in place to ensure that all processes continue as normal. However, if you are contacting First Actuarial about non-urgent matters, please do bear with them because service might be affected as they focus on priority tasks.

Who are the Trustees?

The Scheme is looked after by a Trustee Company (Unite Pension Scheme Trustee Limited) rather than by individual trustees.

The individuals named below are Directors of the Trustee Company and are responsible for the management of the Scheme.

Union Nominated Directors:

Tony Woodhouse	Dave Williams
Stan Ruddock	Adrian Weir
Andy Jones	Richard Banks
Dawn Jackson	

Member Nominated Directors:

Gareth Richards	Doug Patterson
Mark Plumb	John Neal
Chris White	Rob MacGregor
Dave Marsh	

Secretary to the Trustee:

The Trustee can be contacted by writing to:

Alex Ryan
Secretary to the Trustee
Unite Pension Scheme Trustee Limited
Unite the Union
128 Theobald's Road
London, WC1X 8TN

Alternatively, you can contact the Trustee via:

Email: Alex.Ryan@Unitetheunion.org

Telephone: 0207 611 2663

Who else is involved in running the Scheme?

Pension schemes are complicated to run, so the Trustee appoints various advisers to make sure the Scheme is operated properly and that benefits are paid in accordance with the Scheme's Rules.

Unite Pension Scheme Administrator:

First Actuarial LLP
Trafford House
Chester Road
Manchester
M32 0RS

Email: unite.pensions@firstactuarial.co.uk

Telephone: 0161 348 7400

Scheme Actuary:

Hilary Salt FIA
First Actuarial LLP

Bankers:

Barclays Bank plc

Auditors:

BDO LLP

Legal Advisers:

Pinsent Masons LLP

Investment Adviser:

Aon Hewitt Ltd

Investment Managers:

Janus Henderson Investors
PIMCO (Europe) Limited
Newton Investment Management Ltd
JP Morgan Asset Management
Pictet Asset Management
Blackrock Investment Management (UK) Limited
Legal and General Investment Management Ltd
Neuberger Berman Europe Ltd (UK)
GAM Fund Management
Nuveen

Funding Statement

Unite the Union (the Union) pays contributions to the Scheme so that the Scheme can pay benefits to the Scheme members.

The money to pay for members' pensions is held in a fund, separate from the Union. It is not held in separate funds for each individual member.

There has not been any payment from the Scheme to the Union since the date of the last Statement. The Scheme would only be permitted to make a payment to the Union if it were being wound up.

How much money does the Scheme need?

Estimates are carried out by the Scheme Actuary on a regular basis. Using this information, we can agree with the Union the level of future contributions.

Financial position of the Scheme

The latest actuarial valuation of the Scheme was carried out with an effective date of 30 September 2017 to assess the ongoing financial health of the Scheme. The results of this valuation are set out below, alongside the funding update as at 30 September 2018 and at 30 September 2019.

	30 Sep 2017	30 Sep 2018	30 Sep 2019
Assets*	£991.2m	£1,014.7m	£1,102.0m
Liabilities	£921.8m	£946.7m	£1,060.1m
Surplus	£69.4m	£68.0m	£41.9m
Funding Level	108%	107%	104%

*excluding Additional Voluntary Contributions

Since the 2019 Newsletter, the funding position of the Scheme has reduced slightly. The main reason for this is changes in the assumptions, which have resulted in a higher value being placed on the liabilities. This was partially offset by better than expected asset returns.

The next formal actuarial valuation of the Scheme is due as at 30 September 2020, with the results of that valuation known by 31 December 2021.

As part of the actuarial valuation, the law also requires an assessment to be made of the extent to which the assets would cover the liabilities of the Scheme if the Scheme were to start to wind up. The last valuation as at 30 September 2017 showed that the Scheme's assets represented approximately 65% of the cost of securing the Scheme's benefits with an insurer. Inclusion of this information does not imply that the Union is thinking of winding up the Scheme.

The importance of the Union

The Union is the Principal Employer. The Trustee's objective is to be able to pay the pensions both now and in the future. The success of the Scheme relies on the Union's continuing support to:

- pay future running expenses of the Scheme;
- meet any funding shortfall.

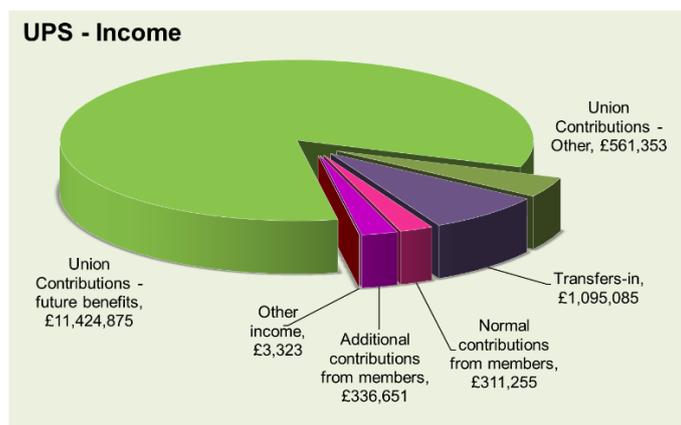
If the Union became insolvent, the Pension Protection Fund (PPF) might be able to pay compensation to members. For details of the compensation payable by the PPF, please refer to the PPF website at www.pensionprotectionfund.org.uk.

Trustee’s Report and Accounts – 2019

The latest audited annual report and accounts for the Scheme were produced for the year ended 30 September 2019.

Income

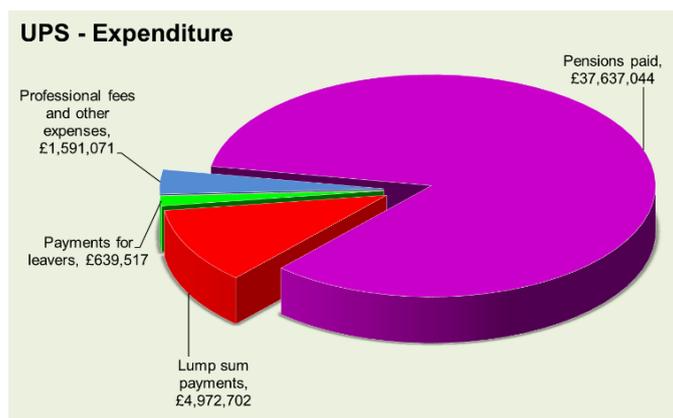
The income for the year (excluding investment returns) was **£13,732,542**.



The overall net investment returns over the year to 30 September 2019 achieved by the Scheme’s investments were £112,091,278 or 11.6% (against a benchmark of 10.1%). The investment returns are in addition to the income above.

Expenditure

The total expenditure for the year was **£44,840,334**.



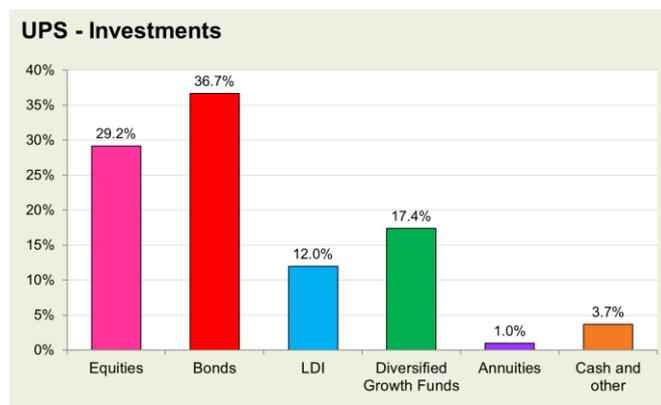
Assets

The net value of the assets in the Scheme on 30 September 2019 was **£1,103,993,738**. A summary of the net increase over the year is given in the following table

	Assets in the Scheme*
Value of net assets at 30 September 2018	£1,023,010,252
Plus income	£13,732,542
Plus net investment returns	£112,091,278
Minus expenditure	-£44,840,334
Value of net assets at 30 September 2019	£1,103,993,738

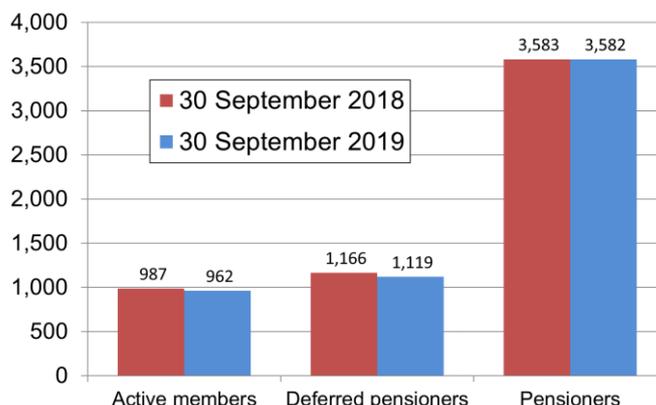
*including Additional Voluntary Contributions

The assets held were as follows:



Scheme membership

The membership of the Scheme at 30 September 2019 is shown below, together with the membership at 30 September 2018.



The Pensions Regulator

The Pensions Regulator (TPR) is the UK Regulator for work-based pension schemes. TPR has certain powers it can use if it has concerns about a scheme’s funding, but it has not used any of these powers in relation to this Scheme.

Pensions News

Limits to Pensions Savings

The yearly pension savings you can make tax free are limited to the Annual Allowance (AA) and since 2016/17, the annual measurement period is the tax year. The standard AA is £40,000.

For the 2020/21 tax year, a reduced AA potentially applies if you have taxable income over £200,000 a year after deducting any pension contributions *you have made*. The AA starts to reduce if your taxable income plus the value of any pension savings made exceeds £240,000 a year. It reduces by £1 for every £2 of income above £240,000, tapering down to an AA of £4,000 if your income is £312,000 or more a year.

Also, if you access a money purchase pension pot using the "Pension Freedoms", there is an annual limit on the amount of contributions that you can subsequently pay into a money purchase arrangement. The current annual limit is £4,000.

The pension savings you can make tax free over your lifetime are limited to the lifetime allowance (LTA). From 6 April 2020, the LTA is £1.0731m.

Thinking of transferring your benefits

We are required to check that anyone wishing to transfer their defined benefit pension to another arrangement to access the Pension Freedoms has obtained advice from an independent financial adviser. The adviser must be authorised by the Financial Conduct Authority to advise on pension transfers. We are not required to check that advice has been obtained where the transfer value is at or below £30,000.

Pension scams

We urge you to be vigilant against pension scams. Should you have any unsolicited approaches from companies offering to undertake pension reviews, or offering you an opportunity to access your pension fund early, please visit the Financial Conduct Authority website before taking any action: <https://www.fca.org.uk/scamsmart/how-avoid-pension-scams>

Using your personal information

The Trustee and the Scheme Actuary will only use your personal information for the administration and financial management of the Scheme. It will only be shared with third parties where there is a legal obligation on us to do this or where it is necessary for the proper administration of the Scheme.

For information on how your information is used, how we maintain the security of your information and your rights to access information we hold on you, please contact the Trustee care of the Scheme Administrator.

Keep in Touch

Please help the Trustee by ensuring that your Expression of Wish form is kept up to date. A blank Expression of Wish form can be found in the Forms section of the Scheme's

website. Please send your form to the Scheme Administrator at the address on page 2.

If your address has changed, please contact the Scheme Administrator.

Further Information

The Trustee has set up a website for members of the Scheme: www.unitepensions.org

The Documents page in the Members section of the Scheme's website includes details of how to obtain:

- the current Scheme Booklet;
- the full Actuarial Valuation as at 30 September 2017;
- the latest Statement of Investment Principles;
- Additional Voluntary Contributions application form;
- the Trust Deed & Rules; and
- a copy of the disputes procedure.

If you are not a pensioner, and have not received a benefit statement from the Scheme in the last 12 months, you can ask for one. This will provide an estimate of your pension at retirement.

If you are thinking of leaving the Scheme for any reason, you should consult a professional adviser, such as an independent financial advisor, before taking any action.

Queries and complaints

All queries should, in the first instance, be referred to the Secretary. If you are not satisfied with any response to queries raised, the Trustee has a formal disputes procedure in place. This can be found in the Documents section of the Scheme's website or from the Secretary.

If a complaint is not dealt with to your satisfaction, then the organisations below may be able to help.

Money and Pensions Service

The Money and Pensions Service (TMAPS) is available to help you with any difficulties you have failed to resolve with the Trustee or with the Scheme's administrators. This service is free and may be of use if you cannot resolve a problem through the disputes procedure. Contact TMAPS through your Citizens' Advice Bureau, or by:

Writing to: 120 Holborn, London EC1N 2TD

Calling: 01159 659570

Or, visiting: <https://moneyandpensionsservice.org.uk/>

Pensions Ombudsman

The Pensions Ombudsman (TPO) may investigate and decide upon any complaint or dispute made or referred to him. Complaints or disputes may be referred to him by TMAPS. Contact TPO by:

Writing to: 10 S Colonnade, Canary Wharf, London E14 4PU

Calling: 0800 917 4487

Or, visiting: <https://www.pensions-ombudsman.org.uk/>

The Pensions Regulator

As the regulator of work-based pension schemes in the UK, their focus is to tackle risks to members' benefits, working with the schemes to identify and reduce risk to protect your benefits. More information can be obtained from the website: www.thepensionsregulator.gov.uk