Letter from the Chair

Welcome to the 2019 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 2018 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.

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

Ongoing monitoring

Last year we reported that the Scheme is in surplus on its ongoing valuation basis at its valuation date of 30 September 2017. We are pleased to report that this is still the case.

While there is a surplus, the Trustee does not take this for granted. The Trustee continues to monitor the Scheme very closely. This is done through:

- Annual actuarial updates of the Scheme’s financial health (more details of these full annual updates are given on Page 2 of this newsletter), as required by legislation
- More frequent quarterly actuarial updates, so that action can be taken more quickly if needed
- Frequent monitoring of the Scheme’s investment portfolio and investment performance, with full updates given to the Trustee board every quarter
- Regular monitoring of the financial health of Unite, as sponsoring employer of the Scheme, for example its ability to fund any deficit should any arise in future

The Trustee will continue to monitor the Scheme on an ongoing basis.

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
Stan Ruddock
Andy Jones
Dawn Jackson

Member Nominated Directors:
Gareth Richards
Mark Plumb
Chris White
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
Standard Life
Newton Investment Management Ltd
Blackrock Investment Management (UK) Limited
Legal and General Investment Management Ltd
Neuberger Berman Europe Ltd (UK)
GAM Fund Management

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.

<table>
<thead>
<tr>
<th></th>
<th>30 Sep 2017</th>
<th>30 Sep 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td>£991.2m</td>
<td>£1,014.7m</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td>£921.8m</td>
<td>£946.7m</td>
</tr>
<tr>
<td><strong>(Shortfall) / Surplus</strong></td>
<td>£69.4m</td>
<td>£68.0m</td>
</tr>
<tr>
<td><strong>Funding Level</strong></td>
<td>108%</td>
<td>107%</td>
</tr>
</tbody>
</table>

*excluding Additional Voluntary Contributions

Since the 2018 Newsletter, the funding position of the Scheme has reduced slightly. The main reason for this is the lower than expected investment returns. However, the deterioration was partly offset by contributions paid by the Union in line with the previous Recovery Plan set at the previous valuation in 2014.

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 – 2018

The latest audited annual report and accounts for the Scheme were produced for the year ended 30 September 2018.

Income

The income for the year (excluding investment returns) was £39,720,423.

During the year to 30 September 2018, assets of £19,174,777 were transferred into the Scheme from the Unite Republic of Ireland Pension Scheme and the UCATT Scheme, following group transfers of members.

The overall investment return over the year to 30 September 2018 achieved by the Scheme investments was £32,247,117, or 3.4% (against a benchmark of 3.6%). The investment returns are in addition to the income above.

Expenditure

The total expenditure for the year was £45,595,646.

Assets

The net value of the assets in the Scheme on 30 September 2018 was £1,023,010,252. A summary of the net increase over the year is given in the table below.

<table>
<thead>
<tr>
<th>Assets in the Scheme*</th>
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</thead>
<tbody>
<tr>
<td>Value of net assets at 30 September 2017</td>
</tr>
<tr>
<td>Plus income</td>
</tr>
<tr>
<td>Plus net investment returns</td>
</tr>
<tr>
<td>Minus expenditure</td>
</tr>
<tr>
<td>Value of net assets at 30 September 2018</td>
</tr>
</tbody>
</table>

*Including Additional Voluntary Contributions

The assets held were as follows:

<table>
<thead>
<tr>
<th>UPS - Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
</tr>
<tr>
<td>Bonds</td>
</tr>
<tr>
<td>LDI</td>
</tr>
<tr>
<td>Diversified Growth Funds</td>
</tr>
<tr>
<td>Annuities</td>
</tr>
<tr>
<td>Cash and other</td>
</tr>
</tbody>
</table>

Scheme membership

The membership of the Scheme at 30 September 2018 is shown below, together with the membership at 30 September 2017.
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 pension 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. A reduced AA potentially applies if you have taxable income over £110,000 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 £150,000 a year. It reduces if your income is £210,000 or more a year.

The pension savings you can make tax free over your lifetime are limited to the lifetime allowance (LTA). From 6 April 2019, the LTA is £1.055m and is likely to increase in line with Consumer Price Index inflation each tax year. If your pension savings are worth more than this when you take your benefits, you’ll have to pay the LTA tax charge unless you have some form of LTA protection. Further details of the changes to the LTA, including protection, are available from HMRC’s website:

https://www.gov.uk/hmrc-internal-manuals/pensions-tax-manual

Thinking of transferring your benefits

Safeguards are in place for individuals with defined benefit pensions such as the benefits you have built up in the Scheme. 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.

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;
- how to pay Additional Voluntary Contributions;
- 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/

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