

## Trustees' Report for the year to 5 April 2020

Welcome to your latest Scheme newsletter, keeping you up to date with Scheme developments and wider pensions news.

March 2021

### In this issue

We include the usual headline figures from the Scheme's Annual Report & Accounts, and an update on how the investments have performed.

We also report on the Scheme's latest funding position following the actuarial valuation at 5 April 2020.

For much of 2020, the coronavirus pandemic dominated our lives and there remain challenging times ahead. I hope you and your family are staying safe during these fast-changing times.

As far as running the Scheme is concerned during the 'new normal', we continue to work 'virtually', while the governance arrangements we have in place mean that the Scheme continues to operate efficiently.

I am pleased to report that the effects of the pandemic have had little impact on the Scheme's finances to date. Whilst the funding level fell in March 2020, it quickly recovered and any initial impact of the pandemic on the Scheme's finances has now largely been reversed.

Please do get in contact if you have a query about the Scheme or your benefits. Contact details are on page 6.

Rob Hopkins

Chair of the Trustees

In numbers pg **2**

Investment update pg **3**

In the news pg **4**

More information pg **6**

Summary Funding Statement pg **7**

Privacy notice pg **9**

# In numbers


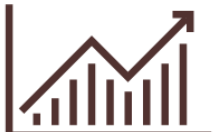


## The membership

At 5 April 2020 there were 172 members in the Scheme compared with 176 members at the same date last year.

30	<b>Deferred members</b> - no longer building up benefits but have benefits in the Scheme for when they retire.
142	<b>Pensioner members</b> - receiving benefits from the Scheme (and including the dependants of members who have died).

## The accounts

Here we show headline figures from the Scheme's Annual Report and Accounts. If you would like more detail, please request a copy of the full report using the contact details on page 6.

The value of the assets supporting the Scheme at 5 April 2020	£26.0 million	
The fall in the value of the assets over the reporting year	£1.0 million	
The total value of Company contributions paid in to the Scheme during the year	£1.4 thousand	
The total value of benefits paid to members during the year	£1.2 million	

# Investment update

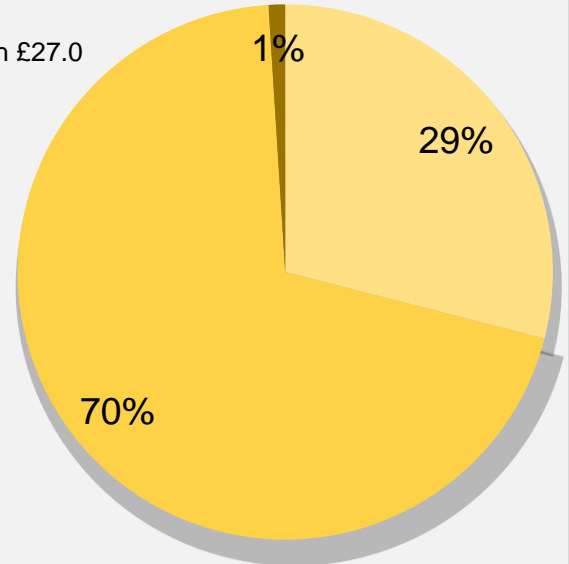
As Trustees, it is our responsibility to decide on the overall investment, and to make changes as and when appropriate. We work closely with our investment advisers and we keep a close eye on how the funds are performing.

## Asset allocation

At 5 April 2020, the Scheme held assets of £26.0 million compared with £27.0 million at the same date last year (not including AVCs).

The chart below shows how the Scheme's investments were allocated at 5 April 2020, across asset types.

- Equity funds 29%
- Bond funds 70%
- Cash & Liquidity funds 1%



## Performance

The table below shows how the Scheme's investments have performed compared with their agreed benchmarks. Each benchmark is an agreed indicator of how the fund is expected to perform bearing in mind economic and market expectations.

	Over the year to date 1 Jan 2020 – 31 Mar 2020		Over one year 1 Apr 2019 – 31 Mar 2020 (% per year)		Since Inception 30 Apr 2017 – 30 Mar 2020 (% per year)	
	Performance	Benchmark	Performance	Benchmark	Performance	Benchmark
Scheme	- 6.7%	- 6.7%	1.1%	0.7%	3.0%	3.3%

Although the Scheme's invested assets fell during Q1 2020 (mainly as a result of COVID-19 and the collapse in oil prices), much of this loss was recovered post Scheme year-end.

We will continue to monitor performance and make any changes we feel are necessary.

## Protect yourself from cybercrime

Hackers want access to your finances – bank accounts, retirement accounts, loans. Bank accounts are the top target but retirement accounts are becoming increasingly attractive to fraudsters. This is probably because they are not checked as often as everyday financial accounts, and because they can hold a lifetime of savings. Financial advisers recommend that you check your retirement accounts regularly and report any unfamiliar transactions.

Individually, we all have a responsibility to protect our own data to reduce the risk of cybercrime. Here are some top tips to help you keep your online data secure.

**Use strong passwords.** Make them complex, change them regularly and don't use the same one on multiple sites. In 2019, the UK's National Cyber Security Centre found that '123456' was the most widely used password on breached accounts, followed by '123456789', 'qwerty', 'password' and '1111111'.

**Install security software.** There are lots of options when it comes to protecting your devices and software from viruses and other malware. This kind of software is often available at no cost.

**Keep your devices and software up to date.** Regular updates can be frustrating, but they are vital to patch any potential flaws cybercriminals look for.

**Back up your most important data.** Save your most important online data to an external hard drive or cloud-based storage system.

**Lock your devices.** Use the screen lock function on your smartphone and tablet.

**Manage your social media settings.** The more you share online the greater the risk, so keep your personal and private information secure on social media.

**Strengthen your security on Wi-Fi.** Use a strong password when using public Wi-Fi. It's also a good idea to use a virtual private network (VPN), which will encrypt everything that leaves your device until it gets to its destination.

To find out more about the threat of cybercrime and how you can stay safe, go to: [www.getsafeonline.org](http://www.getsafeonline.org) and [www.ncsc.gov.uk](http://www.ncsc.gov.uk).

If you are a victim of cybercrime, report it to Action Fraud, the UK's fraud and cybercrime reporting centre: [www.actionfraud.police.uk](http://www.actionfraud.police.uk).

## Beware of pension scams

Scammers want to persuade you to transfer or release your savings. There are fears that the coronavirus pandemic could make the situation worse. In the uncertain economic climate, people might be more worried about their personal finances and more susceptible to a con. Scammers are always looking for new ways to tempt people into parting with their savings.

### Do you know the warning signs of a pension scam?

Go to [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart) for tips and online resources to help you protect yourself.

Go to [www.thepensionsregulator.gov.uk/en/pension-scams](http://www.thepensionsregulator.gov.uk/en/pension-scams) and download the pension scams booklet.

## Defined Contribution only members

A small number of members hold only Defined Contribution benefits in the Scheme and are not entitled to receive a final salary pension from it. You are likely to belong to this group if you were in the Scheme after April 1997 and left with less than 2 years' service.

These benefits cannot be taken directly through the Scheme, so you will need to transfer them to another registered pension arrangement (such as another employer's scheme or a personal pension) by the time you retire. Please contact the Scheme administrators if you are interested in transferring your benefits ahead of your retirement.



### Coronavirus and Brexit update

The coronavirus pandemic has dominated the news and affected the financial landscape for most of the year. After an initial downturn, which coincided with the UK's first lockdown, many of the world's investment markets rallied. However, uncertainty looks set to continue for the next few months at least, with restrictions imposed across the UK.

On 24 December 2020, a Trade and Cooperation Agreement was agreed as part of the UK leaving the EU. The agreement has been provisionally applied from 1 January, when the Brexit transition period ended.

The coronavirus pandemic and the terms of Brexit are certain to have a short-term impact on the economy. Time will tell as to what the full impact will be, and how long it lasts.

As Trustees of the Scheme, we continue to monitor both issues as they develop. We also have robust strategies in place to ensure the efficient day-to-day running of the Scheme and ensure that members are able to access the services they need.

### Minimum retirement age set to increase

The Government has confirmed that the minimum retirement age will rise from 55 to 57 in 2028, to coincide with the rise in the State Pension Age to 67.

Pension savers considering taking early retirement in 2028 or later will need to take this into account – in particular, those that will turn 55 just after the change takes effect.

The Government is expected to legislate for the increase in minimum retirement age in due course. The Trustees will be taking legal advice on the implications of this change in due course.

### Pension tax allowances

Please remember that it's your responsibility to understand and monitor your position against the pension tax allowances.

Following the Chancellor's Budget 2021 announcement, the Lifetime Allowance will be maintained at its current level of £1,073,100 for a further five years, until April 2026, rather than being linked to inflation as usual.

The standard Annual Allowance is £40,000 for the 2020/21 tax year.

The tapered Annual Allowance applies for high earners. If your income for the year is more than £200,000, the Annual Allowance may be reduced to between £39,999 and £4,000 (dependent on your total income and pension savings).

The Money Purchase Annual Allowance is £4,000 for the 2020/21 tax year. This allowance comes into effect if you have accessed money purchase pension savings and continue to build up money purchase savings.

You can find information about the allowances online at [www.gov.uk/tax-on-your-private-pension](https://www.gov.uk/tax-on-your-private-pension).

# More information

To find out more about the Scheme, please go to the Scheme's website:

<https://pensioninformation.aon.com/gatx>

There are lots of useful websites that can help you understand your options and support you with your retirement planning.

**Get to know your pension at** [www.yourpension.gov.uk](http://www.yourpension.gov.uk).

The site has a tool that can quickly generate you a retirement checklist to help you assess where you are with your planning. It also has useful links to a pension calculator, a State Pension calculator and more.

**Picture your future at**

<http://www.retirementlivingstandards.org.uk> The retirement living standards show you what life in retirement looks like at three different levels, and what a range of common goods and services would cost for each level.

**The Money and Pensions Service** brings together three financial guidance organisations, the Money Advice Service, the Pensions Advisory Service and Pension Wise. Go to [www.maps.org.uk](http://www.maps.org.uk)

## Contact point

Please use any of the methods below to get in touch with the Administration team.

Email: [gatx.pensions@aon.com](mailto:gatx.pensions@aon.com)

Website: <https://pensioninformation.aon.com/gatx>

Phone: 0333 207 9450

Write to: [GATX-UK Pension Scheme](#)  
[Aon Scanning Division](#)  
[PO Box 196](#)  
[Huddersfield](#)  
[HD8 1EG](#)

## Reminder to keep us up to date

Please let us know if you change your name or address so we can continue to contact you about the Scheme and your benefits.

Please also update your Expression of Wishes form if you need to. This tells us who you would like to receive any benefits that become payable in the event of your death. As the Trustees, we have the final say over who receives the benefits. We will consider your Expression of Wishes form, so if you have never filled one in, or you have not done so recently, particularly if your circumstances have changed, please complete a form and send it to us.

You can download a blank Expression of Wishes form from the Scheme website.

## Taking advice

If you would like advice about your retirement plans, we recommend you speak with an independent financial adviser (IFA). You can find an adviser in your area by searching the Money Advice Service directory at

<https://directory.moneyadviceservice.org.uk/en>.

Before you appoint anyone, you should check that the adviser is suitably qualified and authorised. You can do this online at <https://register.fca.org.uk> or by phoning the Financial Conduct Authority helpline, **0800 111 6768**.

**Remember:** if you would like more information about the Scheme, you can request a copy of the Trustees' Annual Report & Accounts. Contact the administration team (details on the left).

## Behind the scenes

As Trustees, we maintain up-to-date knowledge of pensions, investments and finance. We also attend training courses as and when necessary, for example, when pensions legislation changes. We meet regularly throughout the year to discuss how the Scheme is progressing.

The Board is made up of Company-appointed Trustees and member-nominated Trustees.

Company-appointed	Member-nominated
Robert Hopkins, Chairperson	Susan Sexton
Jim Conniff	

We also appoint professionals to support us on areas of particular expertise.

Administrator	Aon Solutions UK Limited
Actuary	Sally Rayment, FIA, Aon Solutions UK Limited
Auditor	Ernst & Young LLP
Investment Adviser	Richard Antrobus & Simon Mayne, Aon Solutions UK Limited
Legal Adviser	Gowling WLG

# Summary Funding Statement

Every year we give you a statement of the Scheme's financial health known as a 'summary funding statement'. This statement reports the results of our Scheme actuary's most recent check of the Scheme's 'funding' – the balance between the money building up in the Scheme and the value of the benefits that need to be paid out. This section summarises the results of the Scheme funding valuation at 5 April 2020.

## The latest position

The table below shows the funding position at the latest valuation as at 5 April 2020

	Valuation
Date	5 April 2020
The funding level	<b>99.8%</b>
The funding target	£26,023 K
The value of the Scheme's assets	£25,982 K
The overall position	Deficit of £41K

## Changes since the last update:

Every three years the Scheme's actuary carries out a detailed check known as a 'valuation' on the Scheme's funding, with less detailed updates in the years in between.

This year's funding statement is based on the latest valuation as at 5 April 2020.

The Scheme's 2020 valuation shows a deterioration in the funding level since the 2019 update, from 106.5% to 99.8%

The next financial check will be based on the Scheme's position at 5 April 2021. We will report on the results once they are complete.

It is important to remember that it is normal for pension scheme funding levels to fluctuate over time. Even when funding is temporarily below target, the Scheme will continue to pay benefits in full as long as it continues.

## Reasons for the change

Since the last update:

- The Scheme's assets have reduced mainly due to benefit payments.
- The Scheme's liabilities have increased mainly due to a fall in bond yields over the period. In addition, changes have been made to the assumptions used to value the liabilities with the aim of placing less reliance on future asset returns. This will allow the Trustees to choose lower risk investments in the future if they wish.

# Summary Funding Statement

## Removing the shortfall

As part of the valuation at 5 April 2020, we agreed with the Company to bring the Scheme to a fully funded position. This is known as a 'recovery plan'. The Company agreed to pay:

- A lump sum of £41K

This contribution was paid prior to the date of this newsletter.

In addition, the Company continues to cover expenses (excluding investment manager expenses).

The next formal valuation will look at the Scheme's position at 5 April 2023.

## Further financial support

In addition to this the Company continues to provide the following financial commitments to the Trustees:

A guarantee to make payments to the Scheme up to a maximum amount which, if it was added to the Scheme's assets, would result in the Scheme being 105% funded based on the level of benefits provided by, and using assumptions prescribed by, the Pension Protection Fund (see adjacent for details). At the last review the Scheme was funded above this level, so the guarantee would not have been called upon, although it remains in place in case it is needed in the future.

## If the Scheme came to an end

The Scheme's funding level is worked out in two ways.

- The 'ongoing' basis (shown above), which assumes that the Scheme will continue into the future.
- The 'full solvency' basis, which shows the funding position if the Scheme started to 'wind up' at the date of the update. If this happened, all members' benefits would have to be secured without delay by buying insurance policies. This would be more expensive than paying benefits gradually over time, so the full solvency position is generally lower than the ongoing position, even for fully funded pension schemes.

At 5 April 2020, the Scheme full solvency funding level was 92% with a shortfall of £2,340K.

Please note that we are legally required to report the full solvency position as part of this funding statement. The Company has no current plans to end the Scheme.

We must also tell you if there have been any payments to the Company out of Scheme funds in the last 12 months. There have not been.

## The Pensions Regulator

The Pensions Regulator is the UK watchdog of workplace pension schemes. It has the authority to change the way occupational pension schemes are run though it has not needed to use its powers in this way for our Scheme. You can find out more about the Regulator online at [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk).



# Privacy notice

The Trustees hold some personal information which we need to administer the Scheme.

Without your personal information, we cannot provide you and your dependants with the correct benefits at the right time.

This will include personal information about you, such as your name and contact details, information about your pension contributions, age of retirement, and in some limited circumstances information about your health (where this impacts your retirement age).

The purposes for which your personal information will be used include management of the pension scheme and your membership within it, to calculate and pay benefits, funding the pension scheme (i.e. helping to ensure that the funds within the pension scheme are sufficient to cover the members who are party to it), liability management (that is to say providing advice on the different ways benefits could be determined, and drawn, from the pension scheme), scheme actuary duties (which include assessing individuals who are members of the pension scheme and assessing how the make-up of the membership may affect the amounts payable and when they become payable so as to manage the pension scheme appropriately), regulatory compliance, process and service improvement and benchmarking.

We may pass your personal information to third parties such as advisors and benefits providers, insurers and to certain regulatory bodies where legally required to do so.

Depending on the circumstances, this may involve a transfer of data outside the UK and the European Economic Area to countries that have less robust data protection laws. Any such transfer will be made with appropriate safeguards in place.

More detail about our use of your personal information is set out in our full Privacy Notice which can be found on the Scheme's website:

**<https://pensioninformation.aon.com/gatx>**

If you need a further copy, please contact us using the contact details on page 6.

