

Spring Newsletter

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

April 2022

Geo-political tension continues to impact the global economy, increasing volatility in investment markets pushing inflation higher than it has been for decades and putting pressure on many peoples' finances. As we did throughout the pandemic, we are monitoring how these external pressures might impact the Scheme and will make any changes we feel are necessary to protect it and the best interests of you, the members.

As far as the Scheme is concerned, you can read how its financial position is developing in our latest summary funding statement inside. We report on the funding position as at 5 April 2022. The headline is that the funding position has continued to improve.

We also include the usual summary of the year's accounts and membership figures, and an update on the Scheme's investments.

In wider pensions news, we provide an update on Pensions Dashboards, the plan to provide everyone with online access to all their UK pensions in one place. We also highlight two areas of increasing focus for the trustees of pension schemes generally: climate change and diversity, equity and inclusion.

As always, please do get in contact if you have a query about the Scheme or your benefits, or if there is a topic you would like us to feature in our next issue. The contact details are on page 6.

Rob Hopkins
Chair of the Trustees

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In numbers




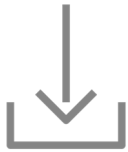
The membership

At 5 April 2022 there were 169 members in the Scheme compared with 172 members at the same date last year.

29	Deferred members - no longer building up benefits but have benefits in the Scheme for when they retire.
140	Pensioner members - 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 2022	£26.7 million	
The increase in the value of the assets over the reporting year	- £0.6 million	
The total value of Company contributions paid in to the Scheme during the year	£1.5 k	
The total value of benefits paid to members during the year	£1.2 million	

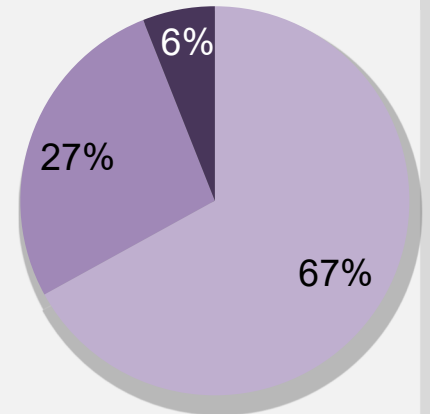
Investment update

As Trustees, it is our responsibility to decide on the overall investment strategy, 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 2022, the Scheme held assets of £26.7 million compared with £28.4 million at the same date last year (not including insured policies and AVCs).

The chart adjacent shows how the Scheme's investments were allocated at 5 April 2022, across asset types



■ Bond funds 67% ■ Cash & liquidity funds 27% ■ Synthetic Credit 6%

Performance

The table below shows how the Scheme's investments have performed.

Fund	Over the year to 31 March 2022	Over three years to 31 March 2022
	Performance	Performance
Total Scheme Performance	-2.1%	4.1%

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

For further details on our investment approach, read our Statement of Investment Principles (SIP) at <https://pensioninformation.aon.com/gatx>

You can also read our engagement policy Implementation Statement showing how our policy on engagement activities and voting has been followed during the year.

Pensions Dashboards: update

The aim of Pensions Dashboards is for everyone to have quick and easy online access to information on all their UK pension savings in one place.

Recent developments include completion of the digital build phase and the first volunteer providers preparing to connect to the system to begin testing using data.

It has recently been announced that there will be delays to the delivery of Pensions Dashboards. The Pensions Dashboards Programme requires additional time to ensure that the Dashboards infrastructure that is being built is safe, secure, and works for both pension schemes and the end users of the service.

To find out more, go to www.pensionsdashboardsprogramme.org.uk.

Climate change

Recent years have seen an increasing focus on climate change and its associated risks for pension schemes. Indeed, since 2019, trustees of pension schemes have been required to consider long-term environmental risks and opportunities.

As Trustees of the Scheme, we regularly meet with our investment advisers and publish updates in our Statement of Investment Principles (available here <https://pensioninformation.aon.com/gatx>).

Elsewhere, the Pensions Regulator has published best practice investment guidance for trustees, while its climate change strategy sets out how it can help trustees to meet the environmental challenges. We as Trustees are continuing to consider any guidance and how we can best act responsibly in the way we invest in assets.

Further, the Task Force on Climate-Related Financial Disclosures (TCFD) was established to develop best practice guidance for climate reporting. Regulations requiring schemes to report in line with the TCFD's recommendations came into effect for the UK's largest pension schemes from October 2021 and for the next largest group of schemes from October 2022.

The collective aim is that these guidelines and requirements will empower the markets to channel responsible and sustainable investment opportunities.



Diversity, equity and inclusion

Alongside the attention that climate change and the environment is rightly getting in respect of pension schemes, diversity, equity and inclusion is also becoming increasingly important to trustees.

This includes considerations such as ensuring that:

- all members are getting information in an accessible way, and
- the trustee board is engaged in getting a diverse composition of personalities, skills, experience and characteristics in order to make better decisions.

As Trustees of the Scheme, we are committed to ensuring that the information we provide is accessible to all, and to getting the right, diverse mix of people on our board to make effective decisions.

In line with the Pension Regulator's new single code of practice we, along with many other trustee boards, will be considering our skills, strengths and any gaps over the coming months. We will keep you updated.

Pension Scheme Act 2021: new trustee powers

In the ongoing battle against pension fraud and following the provisions of the Pension Scheme Act 2021, we now have the power to put a transfer request on hold or block a transfer if certain 'flags' suggest fraudulent activity – by an unscrupulous financial adviser, for example.

If you are thinking about transferring your benefits out of the Scheme, there will be more information about pension fraud and financial advice in your transfer pack.

To find out more, go to www.thepensionsregulator.gov.uk and choose Document library > Scheme management detailed guidance > Administration > Dealing with transfer requests. These regulations are due to be reviewed in 2023 and we will provide an update as and when appropriate as to any changes to these regulations and what these mean for members.

You can read more about the Pension Scheme Act 2021 online at:

www.thepensionsregulator.gov.uk/en/pension-schemes-act-2021.



Minimum retirement age increase

Your pension benefits – from the Scheme, from the State and from any other pension savings you have – will probably start at different ages. You therefore need to have an idea of when you plan to retire so you can assess what you could receive – and when.

The earliest age most individuals can start receiving their pension benefits will go up from age 55 currently to 57 in 2028. The aim of this change is to keep the minimum retirement age at around 10 years below the State Pension age, which is gradually increasing and will reach 67 by 2028.

Please contact the Administrator if you need any information about receiving your pension (see contact details on page 6).

High Court rejects RPI reform appeal

The trustees of schemes of three of the UK's largest employers recently lost in their challenge against the Government and UK Statistics Authority's plans to align the Retail Prices Index (RPI) with the Consumer Prices Index including owner occupiers' housing costs (CPIH) from 2030.

The CPIH measure of inflation is different to the RPI in the way it's calculated.

The trustees of the BT, Ford and Marks and Spencer pension schemes argued that the change would result in lower pension payments over time and lower transfer values. They also claimed that it would reduce the value of pension schemes' assets that are linked to the RPI, potentially increasing the financial pressure on sponsoring employers.



More information

To find out more about the Scheme, please go to <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.

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.

MoneyHelper

MoneyHelper is a free, impartial guidance service, backed by the Government. It brings together the support that was previously available through the Money Advice Service, the Pensions Advisory Service and Pension Wise.

www.moneyhelper.org.uk

Contact point

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

Email: 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

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
Cathy Chen (appointed 1 August 2021)	
Jim Conniff (resigned 31 July 2021)	

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 ask for a blank Expression of Wishes form from the Scheme's administrator.

Taking advice

If you would like advice about your retirement plans, we recommend you speak with an independent financial adviser. You can find an adviser in your area by searching MoneyHelper's online directory.

Go to www.moneyhelper.org.uk and choose Pensions and retirement > Taking your pension > Find a retirement adviser.

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).

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

Administrator	Aon Solutions UK Limited
Actuary	Anup Dodhia Aon Solutions UK Limited
Auditor	Ernst & Young LLP
Investment Adviser	Richard Antrobus Aon Solutions UK Limited
Legal Adviser	Gowling WLG (UK) LLP

Summary Funding Statement

This section summarises the results of the funding update at 5 April 2022. It also looks at the most recent previous results. These financial health checks are vital for monitoring the Scheme's progress. We hope the information helps you to understand how the Scheme is developing.

The latest position

The table below shows how the funding position has changed since the valuation at 5 April 2020 and the funding updates at 5 April 2021 and 5 April 2022.

	Update	Update	Valuation
Date	5 April 2022	5 April 2021	5 April 2020
The funding level	116.5%	116.5%	99.8%
The funding target	£22.87 million	£24.43 million	£26.02 million
The value of the Scheme's assets	£26.65 million	£28.45 million	£25.98 million
The overall position	Surplus of £3.78 million	Surplus of £4.02 million	Shortfall of £0.04 million

The latest update shows that the funding position of the Scheme remains very healthy. The funding level has remained the same since the update at 5 April 2021, but the surplus has decreased slightly by £240K.

The next financial check will be the full actuarial valuation based on the Scheme's position at 5 April 2023. 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.

Reasons for the change

Whilst the overall funding position has remained unchanged, the surplus has fallen slightly due to the impact of the rise in gilt yields over the year on both the Scheme's assets and liabilities.

Summary Funding Statement

Financial support

The Company provides significant financial support for the Scheme. Following the funding the valuation at 5 April 2020, it was agreed that the Company would pay:

- A lump sum deficit reduction contribution of £41k (which has now been paid).
- An annual levy to the Pension Protection Fund; and
- All administration and running expenses.

The next formal valuation will look at the Scheme's position at 5 April 2023. This will include evaluating whether the Company's level of contributions needs to change.

If the Scheme came to an end

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

- The 'ongoing' basis (shown on previous page), 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 valuation. 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 £2.3 million.

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.

