

GATX-UK PENSION SCHEME

Spring Newsletter

Summer 2024

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Welcome to this latest issue of your Scheme newsletter, in which we update you on Scheme developments and wider pensions news that may be relevant to you.

At the time of writing, the rise in the UK's level of inflation has started to slow, though it remains slightly higher than the Government's target level of 2% per year. Household budgets continue to be squeezed for many people and the broader economy remains unpredictable. As always, with the support of our professional advisers, we keep a close eye on national and international financial matters that may impact the Scheme and will be proactive in making any changes we consider necessary.

We are pleased that the Scheme remains in a strong financial position.

Funding update

Inside, we report on the Scheme's latest financial position in our summary funding statement. This is based on the Scheme's position as at 5 April 2023. The headline is that the funding position is healthy and has continued to improve.

Scheme website

Remember that the Scheme website is available 24/7 to support you. See page 6 for further information.

Wider news

In other pensions news, we provide updates on:

- the Retirement Living Standards,
- the Pensions Dashboards Programme and
- changes to the pension tax allowances.

If you have any questions about the Scheme or your benefits, or you have a topic you want to see covered in our next issue, please get in contact using any of the details on page 6.

Rob Hopkins
Chair of the Trustees

In numbers

The membership

At 5 April 2023 there were 168 members in the Scheme compared with 169 members at the same date last year..

27

Deferred members

No longer building up benefits but have benefits in the Scheme for when they retire.

141

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 2023

£21.5 M



The increase in the value of the assets over the reporting year (a negative represents a decrease in the value)

-£5.2 M



The total value of Company contributions paid in to the Scheme during the year

£1.7 K



The total value of benefits paid to members during the year

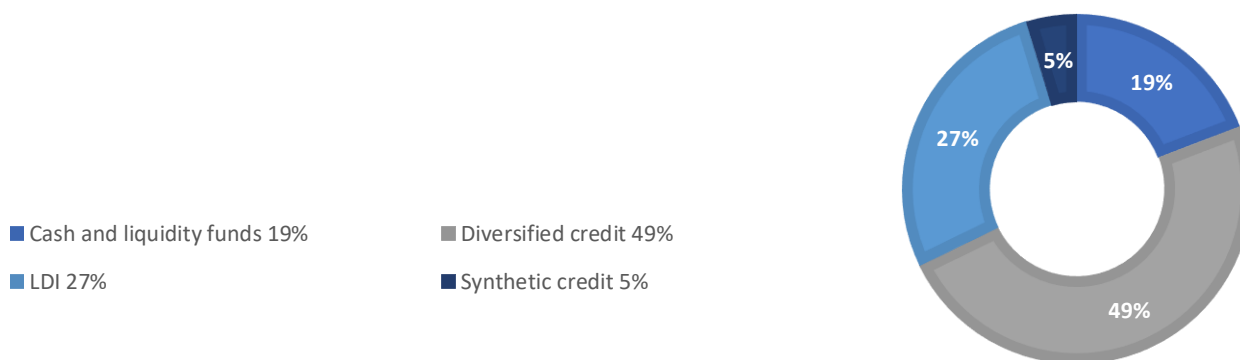
£1.2 M

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 2023, the Scheme held assets of £21.4 million compared with £26.5 million at the same date last year (not including insured policies and AVCs).



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		Over three years (% per year)	
	Performance	Benchmark	Performance	Benchmark
Total Scheme Performance	-15.6%	-13.9%	-2.0%	n/a*

*The 3 year Scheme benchmark performance is not readily available due to the change in strategy that occurred at the end of 2021.

You can see that performance was largely in line with the benchmark over the year to date.

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/fileviewer.aspx?FileID=13352&FileName=GATX%20Statement%20of%20Investment%20Principles.pdf>.

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

In the news



Retirement Living Standards

The Retirement Living Standards provide a guide to how much you might need each year in retirement based on the standard of living you're aiming for – broadly, a 'minimum', 'moderate' or 'comfortable' lifestyle.

The Pensions and Lifetime Savings Association (PLSA) has recently updated the Standards' figures to reflect higher inflation and the current cost-of-living crisis.

- The estimated cost of a 'minimum' lifestyle has increased by 18% for a single person and by 19% for a couple.
- The 'moderate' level has increased by 12% and 11% respectively.
- The estimated cost of a 'comfortable' lifestyle in retirement has increased by 11% and 10% respectively.

The higher increase in the cost of retirement for those looking to achieve a 'minimum' lifestyle is due to the higher proportion of their budget going towards the things that have risen the most in price: food and energy.

You can find more details on the types of lifestyles, along with an indication of what amount of income is now likely to be needed to meet them, on the PLSA website. Go to www.retirementlivingstandards.org.uk.

Which Standard are you heading for?

If you're unsure which Standard your retirement benefits might provide you with:

- check your Scheme benefits,
- check any other pension savings you have,
- factor in your State Pension entitlement (go to www.gov.uk/check-state-pension),
- allow for any other sources of income you may have, such as ISAs or property rental, and
- work out your approximate total yearly retirement income and deduct income tax.

Pensions Dashboards Update

In previous issues, we have reported on the Government's Pensions Dashboards Programme – an industry-wide project to develop a 'dashboard' portal that anyone could use to keep track of all their pension savings on one secure online site.

Due to the size and complexity of the task – which will involve all UK pension schemes linking to the system – the Government has extended the project's timetable.

Previously, the intention was to onboard groups of schemes in stages, with the largest first.

There is now a single deadline for all schemes to connect: 31 October 2026 (a year later than planned). Individual schemes will still be given guideline connection dates to aim for in the meantime.



For more information about the pensions dashboards, visit www.pensionsdashboardsprogramme.org.uk. You can also read regular updates on their blog as the programme progresses: www.pensionsdashboardsprogramme.org.uk/category/blog

In the news



Changes to the pension tax allowances

The Chancellor's Spring Budget included some sweeping changes to the pension tax allowances.

In summary:

- The Lifetime Allowance is being removed in two stages:
 - From April 2023, the 'Lifetime Allowance tax charge' on any benefits above the Allowance will stop. Instead, you would pay tax on your normal highest rate on the 'extra' benefits.
 - From April 2024, the Lifetime Allowance is due to be abolished – although further details are likely to emerge about what measures may still apply to pension benefits (if any) or what might replace the current Allowance.
- The Annual Allowance increased from £40,000 to £60,000 with effect from 6 April 2023.
- The tapered Annual Allowance now starts to apply to those earning £260,000 per year (up from £240,000 per year), while the minimum tapered Annual Allowance has increased from £4,000 to £10,000.
- The Money Purchase Annual Allowance has also increased, from £4,000 to £10,000 with effect from 6 April 2023.

If you're uncertain about how these changes may affect your retirement plans, consider taking impartial financial advice (see page 6).

The Lifetime Allowance is a limit on the total amount of tax-relieved pension benefits you can build up over your lifetime (excludes the State pension) without triggering an extra tax charge.

The Annual Allowance is a limit on the amount of tax-relieved pension benefits you can build up in a tax year without triggering a tax charge. A tapered Annual Allowance applies for high earners.

The Money Purchase Annual Allowance works in a similar way to the standard Annual Allowance but only applies if you access Defined Contribution (DC) pension savings and continue to build up pension benefits.

How to protect yourself from pension scams

Recent events – from the worldwide impact of the pandemic, to issues closer to home, such as the cost-of-living crisis – have all had an effect on how people handle money matters. Many people are having to pay closer attention to their saving and budgeting. More and more financial transactions take place online.

Sadly, these developments all create situations where scammers can thrive, whether trying to take advantage of the vulnerable, or attempting to get hold of savers' personal and financial information.

Beware any approach – by email, post or phone (it is actually illegal to cold-call you about your pension) – that asks you to supply details you would normally keep secure, or tries to steer you towards a quick financial decision.

You can find lots of useful information to help you spot and avoid scams on:

- **The MoneyHelper website:** www.moneyhelper.org.uk/en/money-troubles/scams/how-to-spot-a-pension-scam
- The 'ScamSmart' area of the Financial Conduct Authority website: www.fca.org.uk/scamsmart

More information



Scheme website



To find out more about the Scheme, go to:
<https://pensioninformation.aon.com/gatx>
or scan the QR code left with your tablet or smartphone.

You can find the following information on the site:

- General information about the Scheme
- Member guide and other useful documents
- Questions and answers
- Contact details
- Retirement planning and modelling tools

Contact point

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

Email: gatx.pensions@aon.com
Phone: 0333 207 9450

Write to: GATX - UK Pension Scheme

Aon Scanning Division
PO Box 196
Huddersfield HD8 1EG

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	

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. 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 Investment Limited
Auditor	Ernst & Young LLP
Investment Adviser	A. Cook (appointed on 19/05/23) R. Antrobus (resigned on 19/05/23) S. Mayne (resigned on 31/08/22) Aon Investments Limited
Legal Adviser	Gowling WLG (UK) LLP



Summary funding statement

This section summarises the results of the valuation at 5 April 2023. 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 update at 5 April 2022 and the last funding update at 5 April 2021.

	Valuation	Update	Update
Date	5 April 2023	5 April 2022	5 April 2021
The funding level	123%	117%	116%
The funding target	£17.44 million	£22.87 million	£24.43 million
The value of the Scheme's assets	£21.49 million	£26.65 million	£28.45 million
The overall position	Surplus of £4.05 million	Surplus of £3.78 million	Surplus of £4.02 million

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 2023. The Scheme's 2023 valuation shows an increase in the funding level since the 2022 update, from 117% to 123%.

The next financial check will be based on the Scheme's position at 5 April 2024. 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 liabilities have decreased mainly due to an increase 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.
- The Scheme's assets are designed to match the movement in liabilities and have also reduced but to a lesser extent.





Summary funding statement

Financial support

As part of the valuation at 5 April 2023, the Scheme was in a fully funded position and therefore the Company would not require to make payments to the scheme.

However, the Company will pay additional amounts to cover the costs of meeting Scheme expenses (other than investment manager fees and any regulatory levies including those payable to the PPF).

The next formal valuation will look at the Scheme's position at 5 April 2026. 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 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 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 2023, the Scheme full solvency funding level was 111.3% with a surplus of £2.2 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.

