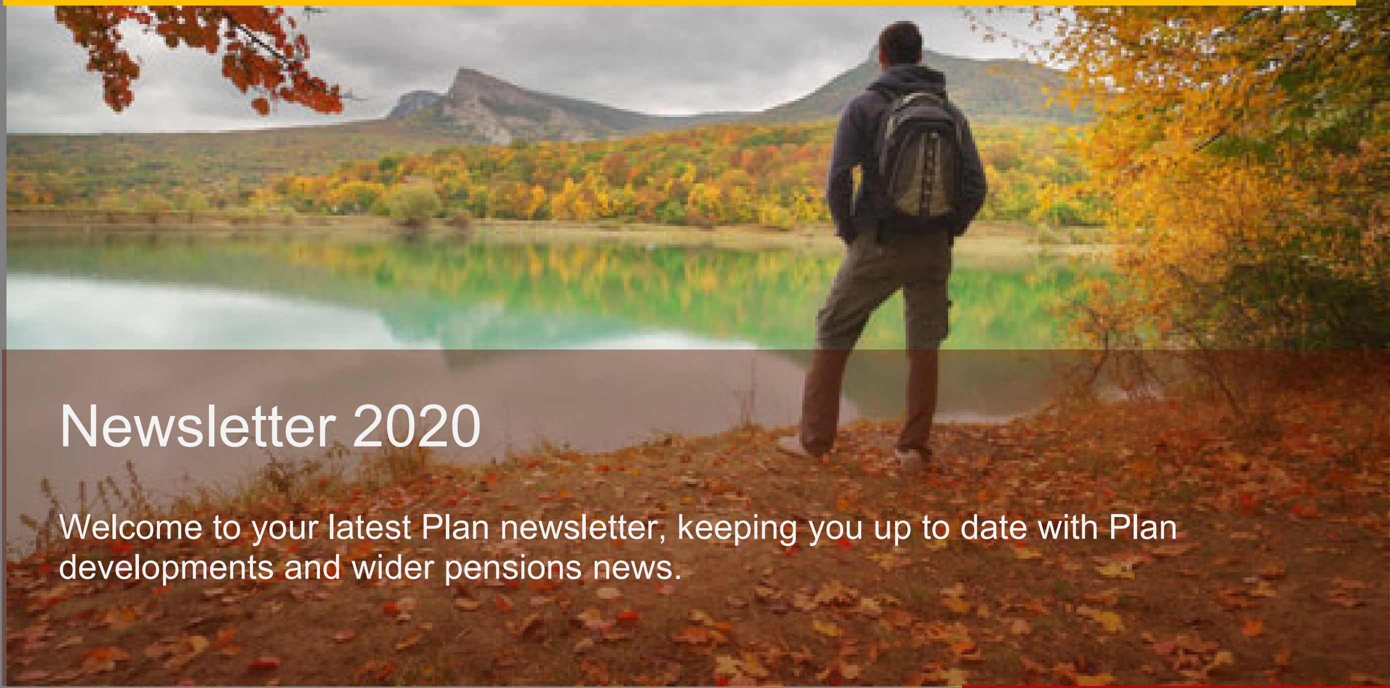
GOODYEAR DUNLOP TYRES UK LIMITED PENSION PLAN ("THE PLAN")



# Newsletter 2020

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

**June 2021**

## In this issue



For much of 2020, the coronavirus pandemic has dominated our lives and there remains challenging times ahead. I hope you and your family are staying safe during these volatile times.

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

Inside this issue you can find the usual facts and figures summarising how the Goodyear Dunlop Tyres UK Limited Pension Plan ("the Plan") has developed over the year. I am pleased to say that, as at 5 April 2020, the Plan was 107% funded on the ongoing measure the Trustee uses to monitor the Plan's funding level, and we continue to be on the lookout to improve this further. The Trustee is required to carry out a full actuarial valuation at least every three years and is required to obtain an interim report in the intervening years.

I am pleased to report that the effects of the pandemic have had little impact on the Plan’s finances to date. You can read more in our Summary Funding Statement, inside.

Away from the Plan, we include a feature on the increasing threat of cybercrime and how you can help to protect yourself. We provide an update on Brexit and we summarise the Pension Schemes Bill that was reintroduced to Parliament in January 2020 and received Royal Assent in February 2021.

Please do get in contact if there are topics you would like us to cover in a future issue or if you have a question. The contact details are on page 7.

**Michael McNulty**

Chairman of the Trustee

# In numbers

## The membership

At 5 April 2020 there were 9,253 members in the Plan compared with 9,499 members at the same date last year. This does not include members who are paid by an annuity.

| | |
|---|---|
| 3,165 | **Deferred members** - no longer building up benefits but have benefits in the Plan for when they retire. |
| 6,088 | **Pensioner members** - receiving benefits from the Plan (and including the dependants of members who have passed away). |

## The accounts

Here we show headline figures from the Plan'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 7.

| | |
|---|---|
| The value of the assets supporting the Plan at 5 April 2020 | £1,390.5m |
| The increase in the value of the assets over the reporting year | £91.8m |
| The total value of benefits paid to members during the year | £47.7m |

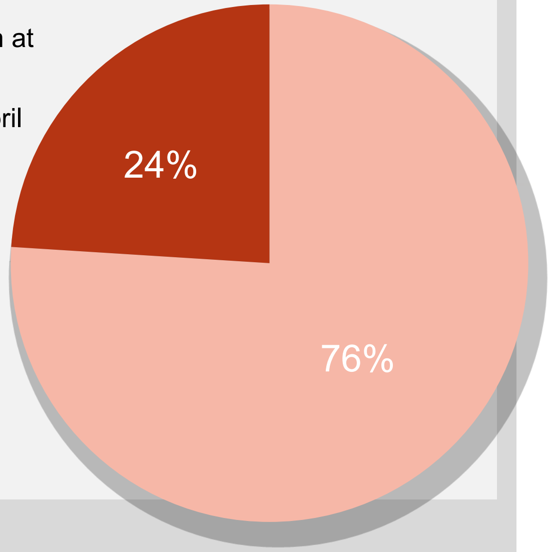
# Investment update

As Trustee, 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 2020, the Plan held assets of £1,390.5m compared with £1,298.7m at the same date last year (not including AVCs*).

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




*AVCs are Additional Voluntary Contributions which allowed members to top up their benefits in the Plan. AVCs have not been included in the above chart since the AVCs are assets of the individual members rather than the collective assets of the Plan.

## Performance

The table below shows how the Plan'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 one year to 31 March 2020 | | Over three years to 31 March 2020 (% per year) | | Over five years to 31 March 2020 (% per year) | |
|---|---|---|---|---|---|---|
| | Performance | Benchmark | Performance | Benchmark | Performance | Benchmark |
| Plan investments | 8.2% | 9.2% | 5.3% | 5.6% | 7.7% | 7.4% |

You can see that performance was positive over one and three years to 31 March 2020, although it fell short of the target returns. However, over the five-year period we saw positive returns with the Plan's investments exceeding their target returns. The above figures are taken from the Plan's audited Trustee's Report and Accounts for the period ended 5 April 2020. The below figures give an indication of how the plan has performed to a more recent date. However, it should be noted that these figures are unaudited.

| | Over the quarter to 31 December 2020 | | Over one year to 31 December 2020 | | Over three years to 31 December 2020 (% per year) | |
|---|---|---|---|---|---|---|
| | Performance | Benchmark | Performance | Benchmark | Performance | Benchmark |
| Plan investments | 1.6% | 1.0% | 12.9% | 11.9% | 7.3% | 7.0% |

## Investment strategy

When setting the investment strategy, the Trustee needs to strike the right balance between (i) the expected investment return on Plan assets and (ii) the level of uncertainty around those expected investment returns. In order to achieve the right balance between (i) and (ii), the Trustee decide to invest in some of the more complex types of assets available that balance growth in value over the long term whilst mitigating risk

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

# In the news

## 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 and www.ncsc.gov.uk.

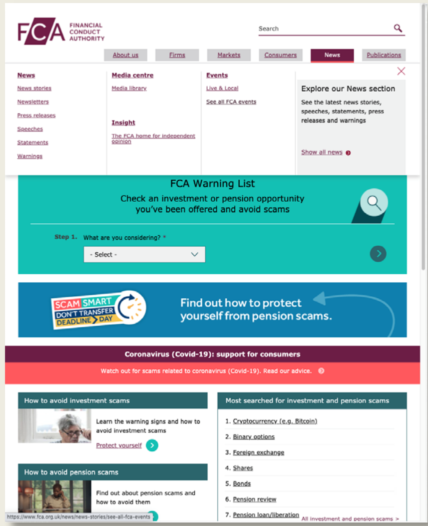
If you are a victim of cybercrime, report it to Action Fraud, the UK's fraud and cybercrime reporting centre: www.actionfraud.police.uk.

## 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 for tips and online resources to help you protect yourself.




Go to www.thepensionsregulator.gov.uk/en/pension-scams and download the pension scams booklet.

# In the news

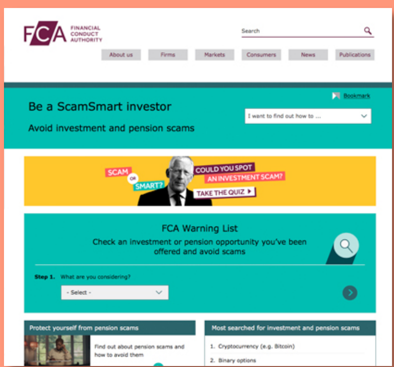
## Pension fraud: are you ScamSmart?

Pension fraud remains a threat to your savings so it's important that you know what warning signs to look out for and are aware of the risks.

The Government is trying to help to tackle the problem and has banned cold calling about pensions. Companies can no longer make unsolicited calls and those that do could face significant fines.

Note that not all calls about pensions have been banned. To be legal, the caller must be Financial Conduct Authority (FCA)-authorised, or the trustee or manager of your Plan, and you must either have agreed to receive calls from the caller or have an existing client relationship with the caller and have not opted out of receiving such calls.

The Financial Conduct Authority has also launched a ScamSmart campaign. Go online to www.fca.org.uk/scamsmart and take the quiz to see if you could spot a scam.




Follow their three rules to keep your savings safe:

- Reject unexpected offers
- Spot the warning signs
- Check if a firm is FCA-authorised

If someone approaches you with an offer that sounds too good to be true, know what to look for and what your next steps should be.

If you have any doubts about the legitimacy of any offer you receive, speak to an expert before you sign up for anything.

If you think you may be a victim of a pension scam, contact Action Fraud. Phone **0300 123 2040** or go to their website, **www.actionfraud.police.uk**, and fill in an online fraud report.

## Financial advice

Before taking a transfer value, we recommend that you seek advice from an Independent Financial Adviser (IFA), who can help you to understand your options. They will require some personal details surrounding your finances and health in order to provide you with the right advice. Indeed, if the transfer value of your DB benefits is more than £30,000 you must take IFA advice from an appropriately qualified and FCA-approved adviser before your transfer value can be paid.

To help you choose a suitable IFA, we have set out some things to think about.

1) You should always be sure that they are appropriately qualified to provide pensions transfer advice. Only individuals qualified as a Pension Transfer Specialist can give advice on pension transfers. You should check the adviser has this qualification.
2) Consider the level and experience the adviser has. Look at the service they offer and think about how they will interact with you. Ask them how many transfers from 'defined benefit' pension schemes they have advised on.
3) Are you clear on how the IFA will charge for their advice? It is important to make sure that the fees you pay are reasonable. Remember though, that for many people, their pension pot is the most valuable asset they have (even more than their home), so getting professional advice is important. You may want to ask the following questions before you take advice:

   - *"Can you confirm in pound terms, the fee you receive if I don't go ahead with the transfer, and the fee you receive if I do go ahead with the transfer?"*
   - *"Can you confirm if you will receive or request any ongoing supplementary fees after my transfer is made, and if so, what these are likely to be in pound terms?"*

4) Before proceeding with a transfer, it is important that you understand all of your options. There are likely to be a variety of options available to you if you transfer. For example, you could buy an annuity, take all your pension savings as a one-off cash sum, or choose to take income over a period of time. Your adviser should provide you with a written recommendation as to whether you should transfer, and if they think that you should do so, which option they recommend for you (along with details as to how they have reached their recommendation).

# In the news

## Coronavirus and Brexit update

The coronavirus pandemic has dominated the news and affected the financial landscape. 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.

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 Trustee of the Plan, 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 Plan 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. We will keep you updated.

## Pension tax allowances

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

The Lifetime Allowance is £1,073,100 for the 2020/21 tax year and will remain frozen at this amount up to and including the 2025/26 tax year.

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.

# More information

To find out more about the Plan, please use the contact details below.

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.

**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

## Contact point

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

**Email**: Goodyeardunlop@aon.com

**Phone**: 0330 123 9083
(lines are open Monday to Friday, 9am to 5pm)

**Write to:** Goodyear Dunlop Tyres UK Limited Pension Plan
Aon
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 Plan 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 Trustee, 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.

Please use the contact details on this page to request a blank form.

## 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 Plan, you can request a copy of the Trustee's Annual Report & Accounts. Contact the administration team using the details shown on this page.

## Behind the scenes

As Trustee, 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 Plan is progressing.

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

| Company-appointed | Member-nominated |
|---|---|
| M McNulty | D Roper |
| G Price | T Cox |
| J Borgogno | |
| M Goodall | |

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

| | |
|---|---|
| Administrator | Aon |
| Actuary | D Eteen, FIA, Aon |
| Auditor | Edwards Chartered Accountants |
| Investment Adviser | Aon |
| Legal Adviser | Eversheds Sutherland |

# Summary Funding Statement

This section summarises the results of the valuation at 5 April 2020 alongside the 2019 funding update. These financial health checks are vital for monitoring the Plan's progress. We hope the information helps you to understand how the Plan is developing.

## The latest position

The table below shows the valuation results as at 5 April 2020, alongside the update at 5 April 2019 which we previously reported to you.

| | Valuation | Update |
|---|---|---|
| Date | 5 April 2020 | 5 April 2019 |
| The funding level | 107% | 107% |
| The funding target | £1,299.2 million | £1,214 million |
| The value of the Plan's assets | £1,390.5 million | £1,299 million |
| The overall position | Surplus of £91.3 million | Surplus of £85 million |

The 2020 funding valuation resulted in a funding level of 107%, which is unchanged since the update at 5 April 2019. However, as you can see the surplus increased to £91.3 million as at 5 April 2020.

The next financial check will be based on the Plan's position at 5 April 2021. We will report on the results at the end of 2021 as part of the Plan's annual newsletter.

It is important to remember that it is normal for pension scheme funding levels to fluctuate over time. Although the Plan funding level is currently above target, should the funding ever fall below the target level, then the Plan will continue to pay benefits in full as long as it continues.

## Reasons for the change

Whilst the overall funding level has remained unchanged, you will see that both the funding target and the value of the Plan's assets have increased.

- The Plan assets have increased over the period due to positive investment returns.
- The Plan's funding target has also increased over the period, this is due to several factors:
    - Changes in market conditions (whilst inflation fell over the period, leading to a lower funding target, this was more than offset by the changes in the gilt yields which increased the funding target).
    - Changes made to the assumptions as part of the valuation which overall slightly increased the funding target.

# Summary Funding Statement

## Financial support

As the Plan is in surplus, the Company is not required to pay any deficit removal contributions, however the Company continues to provide financial support by paying most administration and running expenses which during the plan year ending 5 April 2020 amounted to £1.4M.

The next formal valuation will look at the Plan's position at 5 April 2023. This will include evaluating whether any deficit removal contributions will be required from the Company.

## 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 Plan. You can find out more about the Regulator online at **www.thepensionsregulator.gov.uk.**

## If the Plan came to an end

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

- The 'ongoing' basis, which assumes that the Plan will continue into the future.
- The 'full solvency' basis, which shows the funding position if the Plan 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 Plan's full solvency funding level was 97% with a shortfall of £42.6 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 Plan.

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

# Retirement options

## What are your options at retirement?

When you retire there are a number of options available to you apart from the standard option of taking a pension for life. This article sets out some of the main options available to you when you reach retirement age, which for most members is age 65, but for some members it is 60. You may also have the option to take early or late retirement.

We will be in touch close to your retirement date but it's never too early to start thinking about your options. The decisions you make at retirement affect the amount of income you receive for the rest of your life and so you may want to discuss with your loved ones and consider getting independent financial advice.

### Swapping some of your pension for tax free cash at retirement

The Plan allows you to swap some of your pension for a tax-free cash lump sum at retirement. You can swap up to one quarter of the value of your pension for a tax-free cash lump sum at retirement. The larger the tax-free cash lump sum you take, the smaller your annual residual pension income will be. You can choose to take no cash at all, meaning that you'll get the maximum monthly pension from the Plan.

### Transferring your benefit to another pension scheme

Before we start paying your pension you have the option of transferring the full value of your pension benefit to another pension provider. You might decide that the options available to you in the Plan don't suit your needs and transferring may give you more flexibility.

Following changes to pensions legislation in 2015, if you are retiring from a defined contribution scheme then you have access to flexibilities over how to take your pension at retirement. This may involve purchasing an annuity or you could take smaller cash lump sums throughout your lifetime. Transferring out of the Plan into an eligible defined contribution arrangement will give you access to these flexibilities.

We are able to provide you with a Cash Equivalent Transfer Value quote which is what your pension would be worth if you were to transfer your pension to another arrangement. It is important that you consider all options available to you before proceeding with a transfer.

Please note that transferring your benefits out of the Plan is a big decision and you should seek independent financial advice before taking up this option. If your Cash Equivalent Transfer Value is greater than £30,000 you have to take independent financial advice.

### Taking all your pension as a lump sum

If you only have a small amount of service in the Plan then you may be entitled to receive your entire pension as a cash lump sum. The value of your pension must be less than £30,000 in order for you to qualify. We will highlight this to you if you are eligible when you are approaching retirement.

### Tax on your pension

Please be aware of any tax issues which may affect your pension at retirement. Just like normal income, you may have to pay tax on any pension income.

### Early / Late retirement

You may also have the option to take early or late retirement. If you would like to explore this option, please contact the administration team.

## Advice

**This is an important decision and you should seek independent financial advice to discuss which option is appropriate for you, based on your personal circumstances.**

Decisions at retirement can be complex. The article on page 5 includes useful information such as considerations to help when choosing an independent financial adviser. Page 7 includes information on how to find a suitable adviser. You will have to pay for this advice.

***Defined Contribution (DC)***

*This is where you and/or your employer pay into a pension fund and the eventual benefits you will receive depends on, for example, what investment returns your savings receive prior to retirement.*

*If you made Additional Voluntary Contributions (AVCs) whilst an active member of the Plan, these are on a DC basis.*

*You may also be a member of the Goodyear Dunlop DC Scheme.*

## Common questions

### Where can I find out information on my pension amount when I retire?

Please contact our Administration team using the details on page 7 to request a quotation. A few months before you retire we will write to you to confirm your final pension amounts.

### Who will receive my pension benefits after I die?

You can nominate someone to receive your benefits after you die. Please contact our Administration team using the details on page 7 to request a blank Expression of Wishes form. If you are already receiving a pension and wish to change your death benefit nominee please call our Administration team on 0330 123 9083.

### How do I inform you of a death?

Please call our Administration team as soon as you are able. We understand that these moments can be difficult but any payments we make after a member has died will need to be reclaimed by us.

### There's been a change in my personal circumstances. How do I let you know?

If any of your details, such as address or marital status, change then please contact our Administration team.

### I've heard a lot in the press about pension scams. How can I tell if someone is trying to scam me?

Pension scams are around now more than ever, with companies tempting individuals with cash in exchange for moving their pensions.

Please be wary of any cold calls or mailings which may appear legitimate asking you to move your pension. Also watch out for people at your door offering free pension reviews. Once you move your pension it will be too late so please check all details carefully.

Our article on page 5 includes links to information about pension scams as well as what to do if you think you have being a victim of pension's fraud.

We advise that you use an independent financial adviser if you want to move your pension. Any cold calls, mailings or messages you receive may appear legitimate but please be wary of someone who approaches you with an offer that sounds too good to be true.

## What to expect before retirement

A few months before you retire we will contact you with a final statement and information on your options.

Decisions you make at retirement are very important and you should seek independent financial advice.

## What to expect after retirement

We pay pensions on the 1st or 15th day of each month depending on which section of the Plan you are in. When this falls at a weekend or bank holiday we bring payments forward to the working day before.

Your pension may increase each year. Standard increases are applied in April or May each year and we will inform you of these increases.

## Don’t leave your retirement planning too late

The Money and Pensions Service has published the results of a recent survey on planning for retirement and the headlines are worth considering.

The results indicate that:

| | |
|---|---|
| **Over a third** | …of over 50s either leave retirement planning until their final two years before retirement or they won’t prepare at all. |
| **69%** | …of over 50s have done none or very little retirement planning. |
| **Only 7%** | …of over 50s feel fully prepared for retirement. |

Those who have recently retired would encourage younger people to start planning earlier. How many of the steps below can you tick off?

| | |
|---|---|
| | Track down all your pension pots and check their value. |
| | Consider your expected living costs in retirement. |
| | Think about when you would like to retire. |
| | Check your State Pension entitlement and State Pension age. |
| | If you have dependants, do you need to factor them into your retirement plan? |
| | If you are age 50 or over, make a free Pension Wise guidance appointment. Go to www.pensionwise.gov.uk to find out more. |

Over 2,000 adults aged between 50 and 70 were surveyed during August 2020. You can read the full report at www.maps.org.uk.

# Privacy notice

The Trustee holds some personal information which we need in order to administer the Plan. 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 Plan (i.e. helping to ensure that the funds within the pension Plan 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 Plan appropriately), regulatory compliance, process and service improvement and benchmarking.

We may pass your personal information to third parties such as advisers 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 has previously been sent to you. If you need a further copy, please contact us using the contact details on page 7.