



Trustees' Report from 1 January 2020 to 31 December 2020

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

Autumn 2021

In this issue

The COVID-19 pandemic continues to affect our lives despite the success of the UK's vaccination programme. The economy remains fragile, but our role as the Trustee remains the same – to monitor the Scheme's development and to make any changes we feel are necessary to protect the Scheme and all members' best interests.

We are pleased to report that, despite the current market volatility, the effects of the pandemic have had little impact on the Scheme's finances to date. We also include the usual updates from the accounts and investments for your information.

In wider pensions news, we look at the increasing importance of Environmental, Social and Governance (ESG) investments. We also include important reminders on the ongoing threats of cybercrime and pension fraud.

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

Paul W Picknett
Chair of the Trustee

COVID-19 Update

A brief update on the impact COVID-19 has had on the Scheme's investments can be found on page 3 of this newsletter.

I am pleased to confirm that Aon's Pensions Administration business, payroll function, the day to day administration teams and the Call Centre are fully operational. If you have any queries, please refer to the contact details on page 6.

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In numbers

The membership

At 31 December 2020 there were 2,241 members in the Scheme, compared with 2,284 members at the same date the year before.

1,351	Deferred members - no longer building up benefits but have benefits in the Scheme for when they retire.
890	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 31 December 2020	£352.4m	
The increase in the value of the assets over the reporting year	£30.7m	
The total value of Company contributions paid into the Scheme during the year	£5.3m	
The total value of benefits paid to members during the year	£10.2m	

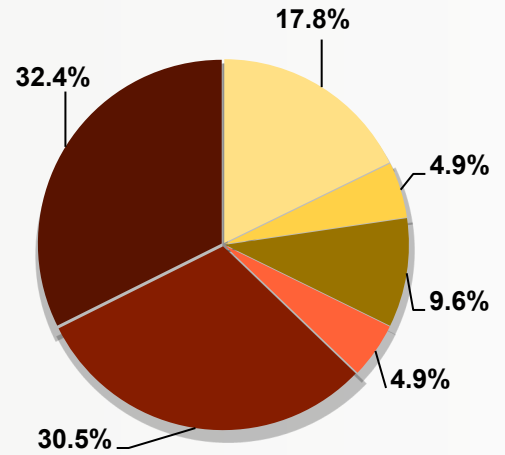
Investment update

As Trustee of the Scheme, 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 31 December 2020, the Scheme held invested assets of £341.8 million compared with £314.8 million at the same date the year before (not including insured policies and AVCs). This chart shows how the Scheme's investments were allocated at 31 December 2020. We will continue to monitor performance and make any changes we feel are necessary.

- Equities
- Credit
- Macro-orientated
- Multi-strategy
- Cash and cash equivalents
- Liability Hedging



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.

	12 months to 31 December 2020		Since Inception (1 February 2019)	
	Performance	Benchmark	Performance	Benchmark
Investment	13.0%	10.6%	11.2%	9.7%

Impact of COVID-19 and performance to date

Performance in 2020 was in excess of the investment benchmark meaning the Scheme started the New Year in a good position.

When Covid hit the World and financial markets in Q1 2020, equity markets plummeted and safe haven assets like government bonds appreciated. Because the portfolio is designed to be resilient in conditions of financial stress, the Scheme was relatively protected from the ensuing Covid driven crisis that began around March of 2020. The risk controlled approach adopted by our fiduciary manager helped cushion any losses at this time.

Worldwide government and central bank support to financial markets have subsequently driven a global recovery, a trend which continues into 2021. Putting these two key factors together means that the Scheme portfolio has performed strongly, recovering losses and continuing through the first half of 2021 broadly on track with the long-term target.

The Trustees' Statement of Investment Principles (SIP) can now be viewed online at: <https://pensioninformation.aon.com/groupama/documents.aspx>

Protect yourself from cybercrime

Scam messages and phone calls have been on the rise and spotting these is becoming increasingly difficult. Many well-crafted communications will even fool the experts. There are some common tactics that criminals will use to try and get you to respond without thinking.

Things to look out for are:

Authority - Is the message claiming to be from someone official? For example, your bank, doctor, a solicitor, or a government department. Criminals often pretend to be important people or organisations to trick you into doing what they want.

Urgency - Are you told you have a limited time to respond (such as 'within 24 hours' or 'immediately')? Criminals often threaten you with fines or other negative consequences if you don't respond quickly.

Emotion - Does the message make you panic, fearful, hopeful or curious? Use of threatening language, false claims of support, or enticing you into wanting to find out more are all common methods.

Scarcity - Is the message offering something in short supply, like concert tickets, money or a cure for medical conditions? Fear of missing out on a good deal or opportunity can make you respond quickly.

Current events - Are you expecting to see a message like this? Criminals often exploit current news stories, big events or specific times of year (like tax reporting) to make their scam seem more relevant to you.

Stop and think. If something looks too good to be true, makes you worried or frightened, don't respond immediately. Stop and give yourself time to check if the request is real, ask for a phone number to ring the caller back or speak to a friend or relative before you act.

- **Be aware of suspicious emails and texts.**
- Don't click on links, share your bank details or personal information following unsolicited requests.
- Read the National Cyber Security Centre guidance at www.ncsc.gov.uk/guidance/suspicious-email-actions for further information on how to stay safe.

Pension fraud

Pension fraud remains a threat to your retirement savings. The Pensions Regulator recently launched a campaign calling on the industry to pledge to combat pension fraud. The pledge involves several commitments including:

- regularly warning members about pension scams, and
- taking appropriate due diligence measures when members request a transfer out.

You can read more about the pledge at www.thepensionsregulator.gov.uk/en/pension-scams/pledge-to-combat-pension-scams

As Trustee, we are committed to giving you the information you need to be aware of the warning signs. We also take every precaution and make all necessary checks before processing a request to transfer out of the Scheme.

For more information about pension fraud:

- 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.

GMP equalisation

We have previously reported on the High Court's ruling that Guaranteed Minimum Pensions (GMPs) must be equalised between men and women.

The High Court published a further judgment in November 2020. This focused on historic transfers out, where GMP equalisation adjustment may be needed. The judgment states that top-up payments are required for impacted transfers out since 1990.

This is a complex area and we are continuing to work with our advisers to identify how any Scheme members would be affected. We will write to any affected members individually in due course.

Responsible investing

You may have heard about responsible investing in the news recently as it's getting more attention across the pension industry. Responsible investing aims to incorporate environmental, social and governance (ESG) factors into investment decisions, which can help to create long-term sustainable returns.

- **Environmental:** the impact companies and their assets have on the environment.
- **Social:** how companies treat their employees, customers and the community.
- **Governance:** how companies and their assets are governed.

Our appointed fiduciary investment manager ensures that ESG factors are considered as part of the Scheme's overall investment strategy.

For further details on our investment approach, read our Statement of Investment Principles at:

<https://pensioninformation.aon.com/groupama/documents.aspx>

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 who 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.

Single code of practice for the Pensions Regulator

Following a public consultation, the Pensions Regulator will be combining its existing (multiple) codes of practice into one single, shorter code. There will be an increased focus on good governance, meaning greater overall protection for your benefits.



Lifetime Allowance frozen until 2026

In the March 2021 Budget, the Chancellor announced that the Lifetime Allowance will be frozen for the next five tax years. This means it will remain at the current rate of £1,073,100 up to and including the 2025/26 tax year.

Recently, the Lifetime Allowance has been increased each April in line with inflation, as measured by the Consumer Prices Index, but now the next increase is not due until 6 April 2026.

The Lifetime Allowance is the value of overall retirement savings you can build up during your lifetime which qualifies for full tax relief (excluding the State Pension). If you build up retirement savings and take benefits above this level, you will face a tax charge on the excess unless you have a form of Lifetime Allowance protection in place.

The freeze means that, in the long run, more people with significant retirement savings could exceed the Lifetime Allowance and therefore be liable to the tax charge.

Important

It is your responsibility to measure how close you may be to the Lifetime Allowance by adding up all the pension schemes you belong to. You can find help on how to do this and more information about the Lifetime Allowance at www.gov.uk/tax-on-your-private-pension/lifetime-allowance.

If you are unsure how close you may be to the Lifetime Allowance, we recommend you speak with an independent financial adviser.

More information

To find out more about the Scheme, 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

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.

www.maps.org.uk

The Money & Pensions Service brings together three main guidance bodies, the Money Advice Service, the Pensions Advisory Service and Pension Wise.

The combined service is relaunching as MoneyHelper this summer. To find out more, go to:

www.maps.org.uk/moneyhelper/

Contact point

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

Email: groupama@aonconsulting.co.uk

Phone: 0330 123 2312
(lines are open Monday to Friday, 9am to 5pm)

Write to: Groupama UK Pension Scheme, Aon,
PO BOX 196, Huddersfield, HD8 1EG

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 Scheme is progressing.

Aon Retirement Options Model (AROM)

Don't forget if you are over age 55 and have requested a retirement quotation or transfer value you will be given access to Aon's Retirement Options Model where you will be able to compare and 'model' your retirement options.

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 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 the left 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 Scheme, you can request a copy of the Trustees' Annual Report & Accounts, along with other information. Contact the administration team (details opposite).

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

Administrator	Aon Solutions UK Limited
Actuary	J. Coulthard, FIA (A. Stephens, FIA retired 2021) Aon Solutions UK Limited
Auditor	Cocke, Vellacott & Hill
Investment Adviser	Cardano Risk Management Limited
Legal Adviser	ARC Pensions Law

Company-appointed

P.W. Picknett (Chair)
K. Curran
D.L. Simpson

Member-nominated

A. Young
J.J.P. Tarrant