



## Pension Newsletter

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

### Autumn 2020

For almost a year, the coronavirus pandemic has dominated our lives and there remain challenging times ahead. We hope you and your family are staying safe during these fast-changing times.

Inside you can find facts and figures from the latest Scheme year, as well as news from the wider pensions world.

We also report on the Scheme's latest funding position following the outcome of the funding update at 31 March 2020.

Away from the Scheme, we include a feature on the increasing threat of cybercrime and how you can help to protect yourself.

As Trustees, we will continue to manage the Scheme to the highest of standards, monitoring the impact of the coronavirus pandemic and Brexit on the Company closely and preparing appropriate strategies for any outcome.

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 6.

### The Trustees

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**We're moving online! Visit our Scheme website:** <https://pensioninformation.aon.com/kuwait>

Last month, we sent you a communication introducing the Scheme website. This year will be the last year we will be sending you a printed copy of our newsletter, instead we will let you know when the newsletter is available online. Please contact the Administration team using the contact details in the blue box on page 6 if you wish to continue receiving this newsletter via post.

If you haven't already, please send us your details so that we can stay in touch with you efficiently via email and visit our new Scheme website. Please email the following information to **Kuwait.pensions2@aon.com**:

- Your full name
- Your member number. This will be on any letters you may have received from the Administration team.
- Your home email address.
- Your postal address.
- Your date of birth.

# In numbers






## The membership

At 31 March 2020 there were 803 members in the Scheme compared with 809 members at the same date last year.

|     |   |
|-----|---|
| 34  | <b>Active members</b> - working for the Company and paying regular contributions  |
| 407 | <b>Deferred members</b> - no longer building up benefits but have benefits in the Scheme for when they retire   |
| 362 | <b>Pensioner members</b> - receiving benefits from the Scheme (and including the dependants of members who have died and pensioners where pensions are paid from annuities) |

## 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 March 2020                 | £157.9 m |   |
| The net return on investments over the reporting year                          | £5.4 m   |  |
| The total value of Company contributions paid in to the Scheme during the year | £5.6 m   |  |
| The total value of member contributions paid in to the Scheme during the year  | £0.2 m   |  |
| The total value of benefits paid to members during the year                    | £3.0 m   |  |

# Investment update

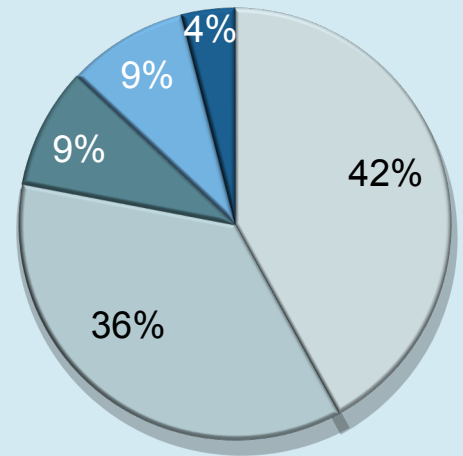
As Trustees, it is our responsibility to decide on the overall investment strategy, and to make changes as and when appropriate. We work closely with our investment advisers and we keep a close eye on how the funds are performing.

## Asset allocation

At 31 March 2020, the Scheme held assets of £157.9m compared with £149.8m at the same date last year (including insured policies and but not AVCs).

The chart adjacent shows how the Scheme's investments were allocated at 31 March 2020.

- Diversified growth 42%
- Matching assets 36%
- Equity 9%
- Property 9%
- Cash and other 4%



## 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.

You can see that investment managers did not meet their target returns, this was due to the economic disruption caused by the coronavirus pandemic and wider market turmoil in the preceding years. This disruption negatively impacted the performance over all of the periods shown, to varying extents.

Since 31 March 2020 the performance of the Scheme's assets has significantly improved.

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

| Fund  | Over the year to date |           | Over three years<br>(% per year) |           | Over five years<br>(% per year) |           |
|---|-----------------------|-----------|----------------------------------|-----------|---------------------------------|-----------|
|   | Performance           | Benchmark | Performance                      | Benchmark | Performance                     | Benchmark |
| Russell Multi Asset Growth Fund (Diversified growth)            | -5.0%                 | 6.5%      | -0.2%                            | 6.9%      | -1.7%                           | 5.3%      |
| AIL Managed Growth Fund - Adept sub Fund 9 (Diversified growth) | -6.8%                 | 4.8%      | -1.3%*                           | 4.7%*     | 1.6%*                           | 4.6%*     |
| Schroders UK Real Estate Fund (Property)                        | -0.6%                 | 0.5%      | 5.1%                             | 5.3%      | 6.7%*                           | 6.2%*     |
| Schroders Emerging Market Fund (Equity)                         | -10.9%                | -10.0%    | -0.2%                            | 2.2%      | 8.6%*                           | 14.1%*    |
| L&G Liability Matching Plus Fund (Matching assets)              | 22.9%                 | 23.1%     | 12.8%                            | 13.0%     | -                               | -         |

\* Values shown for reference only as the Scheme did not have holdings in this fund over the full period.

## Financial advice

Before taking a transfer value, you may wish to 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).

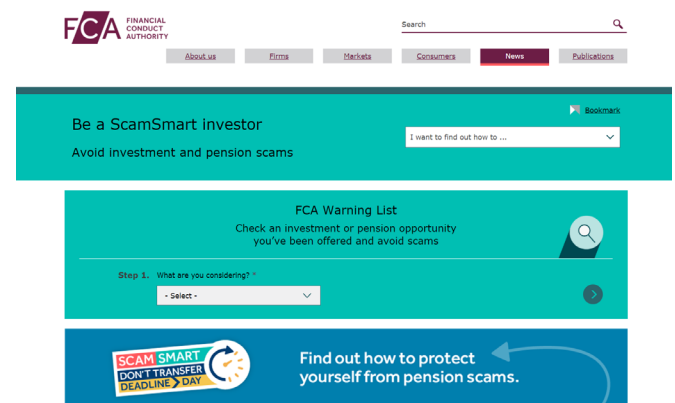
## Beware of pension fraud

Pension fraud remains a threat to your savings and there are fears that the coronavirus pandemic could make the situation worse. In the uncertain economy, people might be more worried about their personal finances and more susceptible to a con. Fraudsters are always looking for new ways to tempt people into departing with their savings.

Do you know the warning signs of pension fraud?

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 leaflet.





## Coronavirus and Brexit update

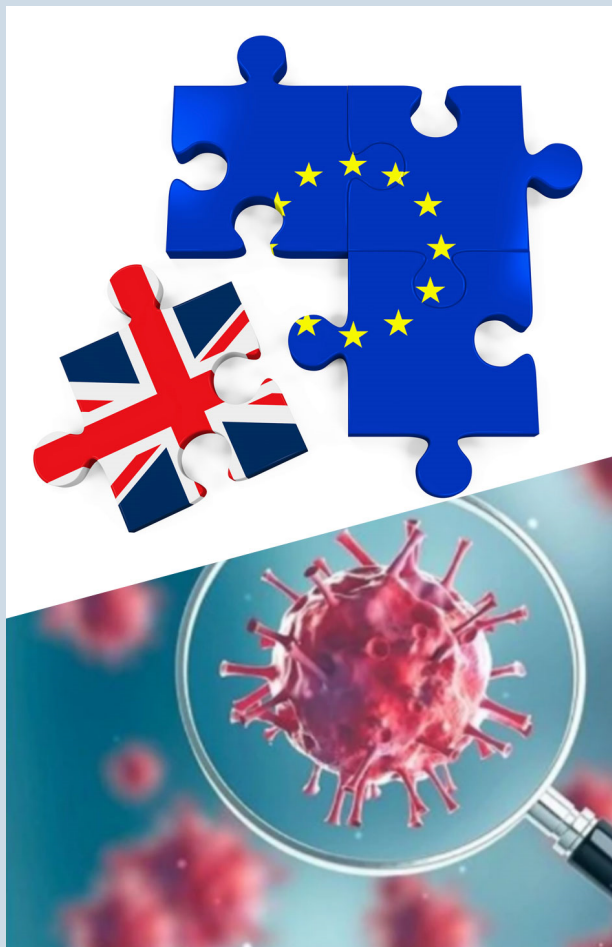
Brexit uncertainty dominated the financial landscape following the outcome of the EU referendum in 2016 – until the coronavirus pandemic.

Following the General Election in December 2019, the European Union (Withdrawal Agreement) Act received Royal Assent on 23 January 2020.

The UK left the EU on 31 January 2020, with transitional arrangements in place until 31 December 2020. This means that the immediate impact of Brexit is currently limited.

However, the coronavirus pandemic is having a significant impact on markets and the wider economy.

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.



## GMP equalisation

We have previously reported on the High Court ruling about Guaranteed Minimum Pensions (GMPs). The ruling confirmed that pension schemes need to equalise the GMP payments they make to men and women.

This affects all members and dependants with a Scheme pension that was built up between 17 May 1990 and 6 April 1997.

If you built up a GMP during this period, you may be due a small increase to your benefits.

However, the ruling is complex with parts of the judgement still outstanding. We are continuing to work through the details with our advisers as and when official guidance is confirmed. If you are affected, we will write to you separately in due course.

Note that no benefits will be reduced as a result of GMP equalisation.

## 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 is expected to rise in line with inflation each year, as measured by the Consumer Prices Index.

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

A tapered Annual Allowance applies for high earners. If your income from all sources is more than £240,000, you will have a tapered Annual Allowance of between £39,999 and £4,000 (dependent on your income).

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

## Minimum retirement age set to increase

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

The change means that pension savers aged 46 or below may have to rethink their retirement plan. In particular, anyone due to turn 55 soon after the change is due to take effect and who had been planning to take early retirement will have to change their plans.

The Government is expected to legislate for the change to minimum retirement age in due course. We will keep you updated.

# More information

To find out more about the Scheme, please go to our new website or use the contact details below. <https://pensioninformation.aon.com/Kuwait>.

For more general information on pensions and saving for retirement, the following websites are useful resources.

[www.moneyadvice.service.org.uk](http://www.moneyadvice.service.org.uk)

The Money Advice Service provides general advice on all money matters including pensions and finding an independent financial adviser.

[www.gov.uk](http://www.gov.uk)

The Government's website features a section 'Working, jobs and pensions', which includes a State Pension Age calculator.

## Early Resolution Service

If you have a concern about your benefits, contact the Pensions Ombudsman's Early Resolution Team:

Go to [www.pensions-ombudsman.org.uk/making-complaint](http://www.pensions-ombudsman.org.uk/making-complaint)

Phone: **0800 917 4487** and select the option to discuss a potential complaint

Email: [helpline@pensions-ombudsman.org.uk](mailto:helpline@pensions-ombudsman.org.uk)

## Contact point

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

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

Phone: 0330 123 2317 (or +44 330 1232 317 from overseas)

(lines are open Monday to Friday, 9am to 5pm)

Write to: Kuwait Petroleum Corporation Retirement Benefits Scheme, Aon, PO Box 196, Huddersfield, HD8 1EG

## Reminder to keep us up to date

**As set out on the front page, please send the following details to [Kuwait.pensions2@aon.com](mailto:Kuwait.pensions2@aon.com) so we can continue to contact you about the Scheme and your benefits. To be clear, it is intentional that this email address is subtly different to the email address in the blue box above.**

- Your full name
- Your member number. This will be on any letters you may have received from the Administration team.
- Your home email address.
- Your postal address.
- Your date of birth.

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.

This form is available on the Scheme's website. Alternatively, please contact the Administration team using the details provided in the blue box 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.moneyadvice.service.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**. See page 4 for further considerations.

## How to complain

If you are unhappy about a decision relating to your pension, please contact us through the Administration team to discuss your concerns before making a formal complaint. They may be the result of a misunderstanding or incorrect information, which can be explained or put right easily.

If you are still not happy you have the right to ask for the decision to be looked at again under the formal complaints procedure. The complaints procedure's official name is the Internal Dispute Resolution Procedure (IDRP).

You can request an IDRP form from the Administration team which contains more information about the process.

## 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.

There have been some changes to the Trustee Board during the year and the current Trustees on the Board are listed below. The Board is made up of Company-appointed Trustees and member-nominated Trustees.

| Company-appointed | Member-nominated |
|-------------------|------------------|
| Philip Wharton    | David Wright     |
| Graham Smith      | Martin Stanley   |
| Julian Amesbury   | Colin Simpson    |

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

|               |   |
|---------------|---|
| Administrator | Aon Solutions UK Limited (formerly Aon Hewitt Limited)                      |
| Actuary       | Vanessa Jaeger, FIA, Aon Solutions UK Limited (formerly Aon Hewitt Limited) |
| Auditor       | Deloitte LLP  |
| Legal Adviser | Squire Patton Boggs (UK) LLP  |

# Summary Funding Statement

This section summarises the results of the valuation at 31 March 2018. It also looks at the more recent updates as at 31 March 2019 and 31 March 2020. 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.

## Funding position

The table below sets out how the Scheme's funding position has developed over the last two years.

|                                  | Update                        | Update                       | Valuation                     |
|----------------------------------|-------------------------------|------------------------------|-------------------------------|
| Date                             | 31 March 2020                 | 31 March 2019                | 31 March 2018                 |
| The funding level                | 93%                           | 94%                          | 92%                           |
| The funding target               | £170.4 million                | £159.3 million               | £152.3 million                |
| The value of the Scheme's assets | £157.9 million                | £149.8 million               | £140.6 million                |
| The overall position             | Shortfall of<br>£12.5 million | Shortfall of<br>£9.5 million | Shortfall of<br>£11.7 million |

The latest update shows that the funding shortfall has worsened since 31 March 2018.

The next financial check will be based on the Scheme's position at 31 March 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

The funding shortfall has increased both over the year from 31 March 2019, and two year period from 31 March 2018.

This is due to less favourable financial conditions leading to a higher value being placed on the amount needed to provide benefits ('the funding target'). Offsetting factors were the deficit reduction contributions of £5M per year as well as positive asset returns.

## Latest update

The Trustees would like to make members aware that the Scheme's funding position has improved significantly since 31 March 2020 largely due to the recovery of global markets since the initial impact of the coronavirus pandemic. The latest approximate funding update at 30 September 2020 showed the funding level had improved to 96%.

# Summary Funding Statement

## Removing the shortfall

As part of the valuation at 31 March 2018, 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:

- £5M by 31 March 2019
- £5M by 31 March 2020
- £2.6M by 31 March 2021

These contributions and anticipated investment growth were expected to remove the shortfall by 31 March 2021.

The lump sum contributions set out above are in addition to the regular Company contributions, which continue to be paid at a rate of 28.4% p.a. of pensionable salary. Active members of the Scheme contribute 8% p.a. of pensionable salary.

The next formal valuation will look at the Scheme's position at 31 March 2021. This will include working out if the recovery plan is on track or if changes need to be agreed.

## 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 funding level is generally lower than the ongoing position, even for fully funded pension schemes.

At 31 March 2018, the Scheme's full solvency funding level was 60% with a shortfall of £93.6 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 Scheme.

We must also tell you if there have been any payments to the Company out of Scheme funds in the last 12 months and we can confirm 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)**.







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

Without your personal information, we cannot provide you and your dependents 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 has previously been sent to you.

If you need a further copy, you can find it within the 'Scheme Library' section of the website or you can request from the administrators using the contact details on page 6.