

Newsletter 2019/2020

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

In this issue

The Plan is a pension scheme for employees and former employees of a number of different employers in the retail motor industry.

Your benefits from the Plan are provided on a 'defined benefit' basis which means that you are entitled to a pension that is calculated by reference to your length of service and your salary whilst you were a member of the Plan. This is an important factor to bear in mind whilst reading this newsletter and when considering your retirement options.

Inside you can find the usual facts and figures which are taken from the Plan's latest audited accounts.

We also cover a selection of topical pension news items which you may find of interest.

We hope you find this latest issue interesting. If there are topics you would like us to cover in a future issue, please get in touch. The contact details are on page 6.

Entrust Pension Limited

Trustee to the Motor Industry Pension Plan
March 2020

In numbers pg 2

Investment update pg 3

In the news pg 4

More information pg 6

In numbers

The membership

At 5 April 2019 there were 2,404 members in the Plan compared with 2,588 members at the same date last year.

13	Active members - working for the Employers and paying regular contributions to build up further benefits in the Plan
1,626	Deferred members - no longer building up benefits but have benefits in the Plan for when they retire
765	Pensioner members - receiving benefits from the Plan (and including the dependants of members who have died)

The accounts

Here we show headline figures from the Plan's Annual Report and Accounts. The equivalent value of the assets supporting the Plan at 5 April 2018 was £96.7 million. 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 Plan at 5 April 2019

£102.3 million



The net return on the Plan's investments over the reporting year

£8.8 million



The total value of Employer and member contributions paid in to the Plan during the year

£1.6 million



The total value of benefits paid to members* and expenses during the year

- £4.8 million



*Benefits paid to members include monthly pension payments, retirement lump sums, lump sum death benefits and transfers to other pension schemes.

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 2019, the Plan held assets of £102.3m compared with £96.7m at the same date in the previous year.

The Trustee carried out a thorough review of the Plan's investment strategy during 2017 and 2018 and, in July 2018, the majority of the Plan's assets were moved into new funds which are shown below. Under the 'Adept' funds, the Plan's assets are invested in a wide range of underlying funds across a number of investment managers in order to reduce risk and improve diversification. There remains a small proportion of assets managed by Legal & General Assurance (Pension Management) Limited ("LGIM"). Two of the LGIM funds are a mix of equities and bonds, whilst there is also a cash fund and a gilts fund.

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.

Fund	Over one year (%)		Over three years (% p.a.)	
	Performance	Benchmark	Performance	Benchmark
Adept SF9* (Growth only)	2.2	4.8	-	-
Adept SF20* (Fixed + 2%)	5.3	4.9	-	-
Adept SF21* (Real + 2%)	7.4	6.9	-	-
Adept SF22* (Fixed + 1%)	4.9	4.9	-	-
Adept SF23* (Real + 1%)	6.7	6.8	-	-
LGIM (80% equities/20% bonds)	7.0	7.0	10.9	10.8
LGIM (30% equities/70% bonds)	5.9	6.1	9.2	9.2
LGIM (50% fixed gilts/50% index-linked gilts)	5.2	5.2	7.8	7.8
LGIM (100% cash)	0.6	0.5	0.4	0.3

* The Plan invested in the Adept funds in July 2018. The performance shown above is for the 12-month period to 31 March 2019 and therefore, is shown for illustration purposes.

The benchmark of the Adept funds are the performance targets of the funds.

Adept fund performance is net of fees, whilst LGIM performance is gross of fees.

Overall, all funds performed broadly in line with or exceeded their respective performance targets over the period, with the exception of one Adept fund. The Trustee continues to monitor investment performance figures and subsequent performance figures for that fund have shown an improvement, with the year to 30 September 2019 showing a return of 5.4% against a benchmark of 4.8%.

Rising concerns of slowing global growth, alongside trade war fears, led to a significant fall in global equities at the end of 2018. However, concerns eased in the new year which helped the equity market to recover leading to positive equity performance over the year. In addition, interest rates fell amidst downgraded growth and inflation outlooks. This resulted in bonds performing positively.

Over the three-year period, we saw positive returns with LGIM achieving their performance targets.

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

Responsible investing

Across the pensions industry, environmental, social and governance (ESG) considerations are becoming increasingly high profile. Related to this, the economic impact of climate change is having an increasing influence on trustees' investment strategies.

The government has recently published its first green finance strategy, including actions for all the UK's financial regulators.

It's in the interests of investment managers to consider national and international climate policies as these might provide some insight on the wider business environment.

Sustainable and responsible investment options are likely to become increasingly common. We work closely with the Plan's investment advisers to make sure that the investments held by the Plan are appropriate.

GMP equalisation

In our previous issue, we reported on how the ruling on equalisation for Guaranteed Minimum Pensions ('GMPs') might affect the Plan and some members. This is a complex area and we are continuing to work with our advisers to identify if and how members are affected. We hope to be able to update you later in the year.

In the meantime, recent developments include:

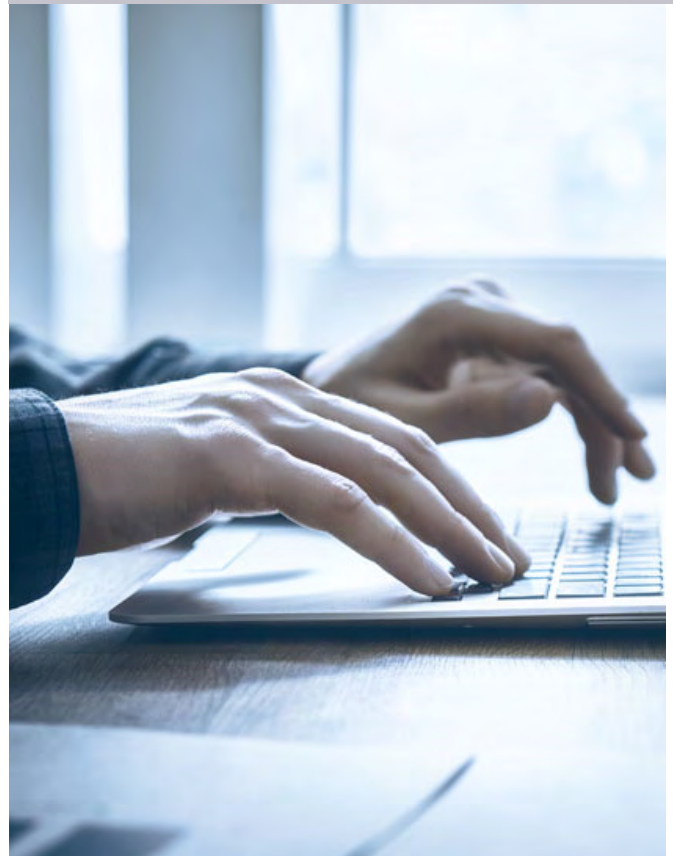
- A second High Court hearing was held in December 2018. The judgment provided some further clarification for pension plans, though more hearings in the future remain a possibility.
- A new industry group has been formed, brought together and chaired by the Pensions Administration Standards Association ('PASA'), to help plans follow the High Court's ruling.
- The Department for Work and Pensions has published its first version of statutory guidance on equalising GMPs by converting them into different benefits.
- HMRC has set up its own working group to consider the pension tax issues that may arise from GMP equalisation.

Equal pension rights for same-sex partners

A Supreme Court ruling in July 2017 (*Walker v Innospec*) found that same-sex married couples and civil partners should be entitled to pension-related death benefits in the same way as opposite-sex married couples.

This has required some schemes to update their rules to ensure that they are compliant with the judgment and may have increased benefits for some same-sex spouses and civil partners under those schemes.

The Trustee is satisfied that no changes are required to the Plan as a result of this judgment because same-sex spouses and civil partners are already entitled to the same benefits as opposite-sex spouses and civil partners under the Plan's rules



Gold Standard for Financial Advisers

Members of 'defined benefit' (DB) pension arrangements, such as the Plan, can transfer their benefits to an alternative arrangement, to access more flexible retirement options. It is important (and in some cases a requirement) to take independent financial advice before taking such transfers.

The Pensions Advice Taskforce recently launched the Pensions Transfer Gold Standard for financial advisers - a voluntary code of good practice for giving advice on transferring from DB arrangements.

Regulated financial advice firms must already adhere to two existing regulatory principles – a firm must pay due regard to:

- the interests of its customers - and treat them fairly, and
- the information needs of its clients - and communicate information to them in a way that is clear, fair and not misleading.

Firms that work in line with the Gold Standard must also adhere to a further set of nine Gold Standard principles.

Firms that adopt the Gold Standard will display the 'badge' on their literature.

You can find Gold Standard IFAs on the Money AdviceService (<https://www.moneyadvice.service.org.uk/en>), by going to Pensions & Retirement / Retirement adviser directory. The Money Advice Service now forms part of the Money and Pensions Service

For more information on the Gold Standard, go to www.thepfs.org and go to About us / Initiatives / Pension Transfer Gold Standard.



How secure is your pension?

The Pensions Advisory Service has published an online leaflet, *Defined Benefits: how secure is my pension?* This answers some of the common questions about the funding issues surrounding defined benefit (DB) pension arrangements, and about the safeguards and guarantees that exist.

Go to www.pensionsadvisoryservice.org.uk. You can find the leaflet in the News section of the site. The Pension Advisory Service now forms part of the Money and Pensions Service.

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.

More information

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

Contact point

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

Email: mippensions@aonhewitt.com

Phone: 0121 262 5093
(lines are open Monday to Friday, 9am to 5pm)

Write to: Motor Industry Pensions, c/o Aon, Colmore Gate, 2 Colmore Row, Birmingham, B3 2QD

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

www.moneyadviceservice.org.uk

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

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 Early Resolution Team:

Go to www.pensions-ombudsman.org.uk/our-service/make-a-complaint

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

Email: helpline@pensions-ombudsman.org.uk

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 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**.

Behind the scenes

As Trustee, we maintain up-to-date knowledge of pensions, investments and finance. We are a professional trustee company, so our entire purpose is to manage occupational pension schemes. We have independently audited procedures for running pension schemes and ensure that all our staff receive appropriate training on pension issues. We meet regularly throughout the year to discuss how the Plan is progressing.

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

Administrator	Aon Limited
Actuary	D Grimley, Aon Limited A Shah, Aon Limited A Beale (appointed 1 September 2019), Aon Limited
Auditor	PricewaterhouseCoopers LLP
Covenant Advice	Aon Limited
Investment Adviser	Aon Limited
Legal Advisers	DWF LLP CMS Cameron McKenna Nabarro Olswang LLP (appointed 11 November 2019)