

Newsletter 2021/2022

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

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.

Life is slowly returning to normal in the UK as society learns to live with the COVID-19 virus and the vaccination programme. Indeed, the UK economy was boosted as the retail and leisure sectors re-opened. However, recent events, including soaring gas prices, remind us that the economy remains fragile.

As ever, our role as Trustee remains the same – to monitor the Plan's development and to make any changes we feel are necessary to protect the Plan and all members' best interests.

Inside, you can read a summary of the year's accounts and an update on the Plan's investments.

Away from the Plan, we look at the timetable for launching the industry's Pensions Dashboard, we include a warning of the threat of online fraud, and we report on the increasing importance of Environmental, Social and Governance (ESG) factors for investments.

As always, please do get in contact if you have a query about the Plan or your benefits. The contact details are on page 6.

Ross Trustees Services Limited

Trustee to the Motor Industry Pension Plan

January 2022

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In numbers

The membership

At 5 April 2021 there were 2,253 members in the Plan compared with 2,351 members at the same date last year. This does not include members who are paid by an annuity.

11	Active members - working for the Employers and paying regular contributions to build up further benefits in the Plan.
1,426	Deferred members - no longer building up benefits but have benefits in the Plan for when they retire.
816	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 2020 was £104.0 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 2021

£101.5 million



The increase in the value of the assets over the reporting year

£3.9 million



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

£1.4 million



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

-£7.8 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 2021, the Plan held assets of £101.5m compared with £104.0m at the same date last year.

The assets of the Plan's 'active' sections are managed by Aon Investments Limited. These funds provide reduced risk and improved diversification by spreading the Plan's investments across a wide range of asset classes. A small proportion of the Plan assets remain with Legal & General Assurance (Pension Management) Limited ("LGIM"). One of the remaining LGIM funds is a mix of equities and bonds, 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 the year to date		Over three years (% per year)	
	Performance	Benchmark	Performance	Benchmark
Adept SF9 (Growth only)*	18.0%	0.1%	4.0%	0.6%
Adept SF20 (Fixed + 3%)*	-3.5%	-11.5%	5.2%	3.4%
Adept SF21 (Real + 3%)*	6.4%	-2.4%	4.6%	3.0%
Adept SF22 (Fixed + 1%)*	-6.1%	-10.7%	4.5%	3.6%
Adept SF23 (Real + 1%)*	3.3%	-1.9%	3.9%	3.2%
Adept SF25 (Low Risk Bonds)*	6.9%	0.1%	1.4%	0.6%
LGIM (80% equities/20% bonds)	25.0%	24.7%	6.8%	6.6%
LGIM (50% fixed gilts/50% index-linked gilts)	-4.0%	-4.0%	3.6%	3.5%
LGIM (100% cash)	0.1%	-	0.5%	0.4%

Performance shown is for the 1 year period and 3 year period to 31 March 2021.

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

The performance target of Adept funds SF20 and SF21 were increased to target 3% outperformance ahead of their respective benchmarks on 28 January 2021. Prior to this, the funds targeted 2% outperformance ahead of their respective benchmarks.

*The Plan invested in Adept SF20-23 in July 2018 and SF25 in February 2021. The performance shown above is for the 12-month and three-year period to 31 March 2021 and therefore is shown for illustrative purposes.

The Plan's investments performed well over the one-year and three-year period to 31 March 2021. In particular, all the Plan's growth investments outperformed their benchmark.

Equity markets posted strong returns over the year to 31 March 2021, recovering steadily following the outbreak of the pandemic. The Plan's assets are invested globally and the US market was the highest performing region due to the high exposure to large technology companies. Inflation expectations increased over the year as coronavirus restrictions were lifted and consumers increased their spending.

Post 31 March 2021, the Plan's growth assets have continued to perform in line with expectations. We will continue to monitor performance and make any changes we feel are necessary.

Beware of cyber crime

Online fraud, or cyber crime, is an ongoing threat in today's device-led world. The Pension Regulator's new single code of practice aims to tackle this with more emphasis, making it more of a priority for the trustees of pension schemes.

As Trustee, we are committed to maintaining the highest level of security of the Plan's online systems and your personal data. We will continue to work closely with our expert advisers to identify any areas for improvement.

We encourage you to be vigilant to help protect yourself from cyber crime. Things to look out for include:

Authority. Beware of emails claiming to be from someone official such as your bank or doctor. Criminals often pretend to be someone in a position of trust to gain your confidence and then trick you into doing what they want.

Similarly, a common scam is for fraudsters to set up a website that pretends to be a legitimate business – for example a firm that is regulated by the Financial Conduct Authority or FCA.

Urgency. Beware of urgent time periods (such as 'within 24 hours' or 'immediately').

Emotion. Beware of messages that make you panic or fearful of missing out on something. False claims of support or enticing you into wanting to find out more are common methods.

Topical. Criminals often exploit current news to make their scam seem more relevant to you. Sadly, the COVID-19 pandemic gave criminals a new opportunity to tempt people into mistakes.

Remember!

If an email, website or social media post looks suspicious, stop what you're doing and give yourself time to check whether it is what it claims to be. If a financial adviser or firm is genuine, they will be authorised by the FCA and their details will be on the FCA's register. You can check the register online at <https://register.fca.org.uk>. Or you can ask the FCA to check for you – call **0800 111 6768**.

Do

Read the National Cyber Security Centre guidance at www.ncsc.gov.uk/guidance/suspicious-email-actions for further information on how to stay safe.

Visit the FCA's Scam Smart website at www.fca.org.uk/scamsmart.

Don't

Click on links, or share your bank details or personal information, following unsolicited requests.

New single code of practice

During 2021, the Pensions Regulator undertook a public consultation about combining its existing (multiple) codes of practice into one single, shorter code. The Regulator received more than 10,000 individual answers during the consultation.

The new single code is expected to come into force during 2022, with an increased focus on governance and, in particular, risk assessment and cyber risk. This will mean greater overall protection for your benefits.

FCA and TPR guidance on advice and support

The Financial Conduct Authority (FCA) has published new guidance on what is expected from financial advisers delivering advice on transfers out of Defined Benefit schemes. The guidance focuses on the processes that should be put into place to ensure firms deliver suitable advice for members interested in transferring out.

The guidance also includes a new version of the joint FCA and Pensions Regulator (TPR) publication '*Guide for employers and trustees on providing support with financial matters without needing to be subject to FCA regulation*'.

The key points are:

- Trustees/employers can continue to provide information to help members understand their options for accessing their retirement benefits.
- Trustees/employers can continue to appoint and provide access to a preferred, FCA-regulated IFA.
- Factual numerical information about what members can do with a Defined Benefit transfer value can be provided but illustrative figures, using assumptions about the future, should not be provided.

Occupational And Personal Pension Scheme (Conditions for Transfers) Regulations 2021

The new transfer regulations came into force on 30 November 2021. The new regulations are designed to provide additional protection to members and prevent members becoming victims of scams. The regulations bring in a number of additional checks and requirements prior to transfer. Please be aware, should you decide to transfer out of the Plan, that there may be additional requirements in terms of information and guidance prior to the Trustee approving a transfer.

Pensions Dashboards

A few years ago, the Government called on the pension industry to develop and launch an online Pensions Dashboard. The aim is to enable everyone to have quick and easy access to information on all their pension savings in one place. To achieve this, the Money and Pensions Service established a Pensions Dashboards Programme (PDP) team. The timeline for developing Pensions Dashboards is as follows.

From 2021

'Develop and test' phase – building, integration and testing of the digital architecture.

From 2022

Voluntary onboarding – connection of volunteer pension schemes to the service, using real data.

From 2023

Staged onboarding – pension schemes will be required by law to connect to the service. The PDP recently called for input on how this should be implemented. They are recommending three waves:

Wave 1: largest schemes (1,000+ members). This would run for up to two years from April 2023, split into three cohorts:

- Master trusts and FCA-regulated providers of personal pensions,
- Defined contribution schemes used for Automatic Enrolment, and
- All remaining occupational schemes with 1,000+ members (in order of size) with the largest defined benefit schemes to onboard in 2023.

Wave 2: medium schemes (100 to 999 members). This wave would be staggered by size and could go beyond the two-year timeline proposed for Wave 1. It would be unlikely to start before 2024.

Wave 3: small and micro schemes (fewer than 100 members). Staging of these would be deferred until after waves 1 and 2, so possibly after 2025.

The Government has said that the Pensions Dashboard will also be made available to the public around 2023, by which point the PDP believes there will be sufficient findable pensions to make dashboards useful to consumers.

To find out more about the PDP go to www.pensionsdashboardsprogramme.org.uk.



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.

As Trustee of the Plan, we assess ESG factors when agreeing how to invest the Plan's assets. Our appointed investment managers also incorporate ESG factors into their day-to-day processes.

More information about the investments of the Plan can be found on Plan library section of the website, including the Engagement Policy Implementation Statement, which the Trustee were required to publish for the first time this year:

www.pensioninformation.aon.com/mipp

Minimum retirement age set to increase

The Government has confirmed that the minimum retirement age will rise from 55 to 57 in April 2028, to broadly coincide with the rise in the State Pension Age to 67.

Pension savers considering taking early retirement in 2028 or later may need to take this into account – in particular, those that will turn 55 just after the change takes effect and those who reach age 55 shortly before then but have not accessed all their benefits.

Where the Plan currently gives members a right to take benefits before age 57, this will be retained for members.

We will keep you updated when the legislation for this is finalised.

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.

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: mipppensions@aon.com

Phone: 0333 207 9429
(lines are open Monday to Friday, 9am to 5pm)

Write to: Motor Industry 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 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 Plan, you can request a copy of the Trustees' Annual Report & Accounts. Contact the administration team (details on the left).

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 Solutions UK Limited
Actuaries	A Beale, Aon Solutions UK Limited A Shah, Aon Solutions UK Limited D Grimley, Aon Solutions UK Limited
Auditor	Pricewaterhouse Coopers LLP
Investment Adviser	Aon Solutions UK Limited
Legal Adviser	DWF LLP CMS Cameron McKenna Nabarro Olswang LLP