

PENSIONSPOST

FOR MEMBERS OF THE PITNEY BOWES PENSION FUND

December 2024

A warm welcome to all our members from David Denney, Chairman of the Trustee Board

In last year's Pensions Post, we discussed the upheaval triggered by the Government's 'mini budget'. This year has also been one of change, with the new government's recently announced budget, we've detailed the relevant changes to members on page 6.

The Fund's Triennial Valuation is underway using information as at 31 March 2024, the Trustee Board is currently working with the Scheme Actuary and the Company to discuss the results, and finalise the Valuation by 30 June 2025. The Valuation itself will be covered in next year's Pensions Post. In the meantime, the Fund's current funding is reflected on page 3, with more details available in the Fund Profile section.

The Trustee Board has been working to ensure that the Fund will meet its connection date to the Pensions Dashboards, with a focus on ensuring we have a verified home address and email address to stay in contact with you and all other Fund members. More details on the overall Pensions Dashboards progress are provided on page 5.

To help us with this extra work and as highlighted in last year's report the Trustee Board welcomes Marc Dunand as a new Associate Trustee Director.

Another consideration of ours is that as our Fund membership matures, with more of our members reaching an age where they may be considering retirement options, the Trustee and our administrator are focused on how we can help members with this transition. That is why we are pleased to announce that all deferred members, as they approach retirement, will have access to our online retirement modeller, which compares the income you might receive from your retirement options. To learn more about using the modeller, head over to page 2.

You can access previous issues of the Pensions Post via PensionLine or by contacting the administration team. See page 2 for more details.

Finally, I would like to extend seasonal greetings to you and your families and best wishes for the New Year.

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Is your information up to date?

It is important for the Trustee to have a current address to keep in contact with you but also to ensure it is verified. We have a number of members with unverified addresses who were sent a mailing earlier this year in collaboration with Lexis Nexis to confirm their correct contact details. We ask that members who received this mailing please complete and return the form so that we can verify your address.

If you know of former colleagues who mention that they haven't heard from the Fund or received a copy of the

Pensions Post recently, it may be that the Trustee hasn't got their current address. As such we would appreciate you letting them know that they can phone the Fund's helpline at **0330 678 0410** to sort this out.

We would also like to remind members to sign up to PensionLine, which we discuss on the next page, using your current email address, as email is the quickest way we can keep you updated.

Keeping in touch – PensionLine

Remember to use PensionLine as your first port of call for most of your Fund queries and actions:

- If you are an active (salary-link) member, you will be able to see the current value of your Fund pension.
- If you are a pensioner, you can view your pension payslip history.

Whatever type of member you are, you can use PensionLine to:

- Change your personal and contact details (for example, if you start or end a relationship, have a child or move house). **Please update your details with an email address if you have not already done so – this is the fastest way to contact you if we need to and remember to keep us updated with your current home address.**
- Keep your Expression of Wish form up to date. This is the form you use to tell us who you would want to receive any Fund benefits after you die. So, if you are updating any of your other details, it is a good idea to see if those changes also have an impact on who you want to name on your Expression of Wish form.
- Read more information about the Fund, including some 'Frequently Asked Questions' and an online version of the Pensions Post.
- Use the contact form to send a query to the Pension Fund Department quickly and easily.

- PensionLine can be accessed via this link: www.mypensionline.com/pitneybowes or alternatively, scan this QR code using your mobile device.
- If you no longer have the welcome letter please contact the Pitney Bowes Pension Fund administrators on **0330 678 0410**.



If you cannot find the information you are looking for on PensionLine, the administrators will be happy to help. Here are their details.

Email: pitney.bowes@aon.com

Phone: **0330 678 0410**

Or, write to: Pitney Bowes Pension Fund Department
Aon Limited
PO Box 196
Huddersfield
HD8 1EG

To comply with legislation, we can't give you any information without verifying your identity first. So that we can do this, you will need to provide at least three of the following when you get in touch:

- Your forename(s) and surname
- Your member reference number (or employee reference or payroll reference number)
- Your address
- Your date of birth

If you contact the administrators on behalf of a member, you will need to provide their details.

The information you provide must match our records.



Helping you to explore your retirement options

Currently you can retire from the Fund from age 55. This Normal Minimum Pension Age is increasing to 57 from April 2028 in line with legislation.

When the time comes to retire, you will have a number of possible options for how to receive your benefits. Choosing the right option will be one of the most important financial decisions you'll ever make. To help you, we have made extra support available:

- You will have access to an online retirement modeller, which you can use to compare the income you might receive from each of your retirement options. Videos about how to use this feature can be found on PensionLine.
- You will also have access to independent financial advice through a firm we have selected called Informed Pensions, for which we have negotiated a reduced cost.

If you are considering your retirement options in the near future, then contact the administrators for a retirement pack. As well as including your pension amount, your retirement pack will also include full details about the modeller and how to contact Informed Pensions.

Please note, you are entitled to one free retirement pack in a 12-month period, additional requests will incur a charge.

Fund profile

Overview

The information on the following pages is from the valuation for the latest Fund year, which ended on 31 March 2024. If you would like more details, the full report is available on request from the administrators.

On 31 March 2024 the Fund's total value was

£264.2 million

Between 1 April 2023 and 31 March 2024, the Fund paid out

£12.6 million

in pensions, cash sums when members retired or died, and payments to members transferring to other schemes

At 31 March 2024 the Fund had

4,611 members

Investment update

In last year's issue, we announced Aon as our new Delegated Portfolio manager, who will for a portion of the Fund's portfolio give us added support in the day-to-day management of our investment strategy and allow us to benefit from significant cost savings on investment management fees. The Fund's allocation to UK property continues to be held outside of the Delegated Portfolio.

After much careful planning we completed the transition to Aon in February, which included adjustments to our strategy and the funds we invest in - the aim being to improve the diversification of our assets, target smoother investment returns and better protect against downside market shocks.

The table to the right shows the mix of funds including those within the Delegated Portfolio as at 31 March 2024.

Fund	Market Value	Allocation
LGIM Developed Balanced Factor Equity	£15,417,983	6.7%
Aon Global Fixed Income	£27,154,060	11.8%
Aon Sustainable Multi Asset Credit	£13,577,030	5.9%
Aon Low Risk Bonds	£13,577,030	5.9%
Aon Core Diversifiers	£31,526,323	13.7%
Aon Active Diversifiers	£25,313,106	11.0%
Aon Hedging Component/LDI	£103,553,617	45.0%
Total	£230,119,149	100%

Performance

The table below shows the returns the investment managers achieved over the year to 31 March 2024. It also shows the average yearly returns over the last three and five years.

One year		Three years (% a year)		Five years (% a year)	
Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
-3.7%	-1.7%	-11.5%	-6.7%	-4.6%	-1.6%

In previous years' issues, we highlighted how large falls in the value of gilts (or government bonds) led to a fall in the value of our protective assets ('liability driven investment' or LDI), which inevitably meant that the Fund fell in value overall. This trend has continued, meaning the value of the LDI assets (and hence the overall value of the Fund) fell over the year, although at a slower rate.

As a reminder, the LDI fund is an insurance policy we put in place to protect against changes in inflation or interest rates. It is based on gilts, meaning that when the value of gilts fall, so does the value of the LDI fund.

Some of our growth assets have contributed to the underperformance shown – namely our property assets (for which the market environment has been tough which has seen falls in capital values. The longer-term performance can also be attributed to underperformance versus individual investment manager benchmarks from previously held assets in diversified growth fund and credit assets, from which the Trustee has since divested. The Trustee continues to monitor the performance of the investment managers closely.

Despite these events and the Fund falling in value overall, the expected cost of providing benefits in the future fell by a similar amount, so the funding level of the Fund remains in a strong position to move forward.

Underperformance for the year ending 31 March 2024 was following underperformance versus underlying benchmarks from the Fund's property assets, particularly due to falls in capital values. The longer term performance can also be attributed to underperformance versus individual investment manager benchmarks from previously held assets in diversified growth fund and credit assets, from which the Trustee has since divested. The Trustee continues to monitor the performance of the investment managers closely.

Sustainability

The Fund is a long-term investor, and over the next 10-15 years, we are likely to be exposed to environmental challenges like climate change. The Trustees have recognised this reality and are evaluating opportunities to direct funds into long-term productive 'green' assets to assist in the transition to a net zero economy. You will hear more on this important topic in future issues.

Trivial commutation update

In last year's Pensions Post we told you we would be offering trivial commutation lump sums to certain eligible members of the Fund.

Those eligible are members whose Fund benefits are below a certain value - these members could agree to give up future benefits from the Fund in exchange for a one-off lump sum.

We wrote to all eligible deferred members and pensioners in September to explain the offer. We will send more details in due course.

Guaranteed Minimum Pension (GMP) update

As you may recall from our previous issues, we have been running two review exercises relating to members' GMPs.

To re-cap: GMP is short for 'Guaranteed Minimum Pension'. Some years back, when the State pension was split into two parts – basic and additional – pension schemes could 'contract' out of the additional level. This meant that both the members and the scheme would pay lower National Insurance, and the member would not build up additional State pension during their membership. Instead, the scheme had to pay them a pension benefit at least as good as the State pension they were giving up – this is the GMP.

One of these exercises was a 'data checking' review. HM Revenue & Customs (HMRC) tasked UK pension schemes with checking their records of members' GMPs against HMRC's records. This review was completed in 2022 and members were notified if their pension was adjusted following the exercise.

Similar to other pension funds, our 'GMP equalisation' exercise is ongoing. GMPs are a complex benefit, linked to State pension ages, which used to be different for men and women. As a result, they were not 'equalised' when pensions broadly became equal from 17 May 1990.

However, following a High Court ruling, pensions must now be adjusted if necessary to allow for 'unequal' GMPs. Equalising your memberships GMPs requires a comparison of the GMP benefits that would have been accrued for a member had they been the opposite sex. As a result, UK pension schemes are reviewing any pension their members built up between 17 May 1990 and 5 April 1997, when GMPs ended.

Please remember:

- If your pension needs to increase due to the effect of unequal GMPs, we will let you know. Please bear in mind that any increase is likely to be modest.
- Don't worry if you have not heard anything – we will only contact members whose pensions are affected.

News bulletin

Keeping your benefits safe

Pension scams continue to be a major problem, and it is important that you know how to keep your benefits safe.

The MoneyHelper website contains useful, up-to-date information about pension scams - how they work, how to spot and avoid them, and what to do if you think a scammer might have targeted you. Go to www.moneyhelper.org.uk and search 'How to spot a pension scam'.

Using AI to learn more about your pension

We wanted to talk about the rise of Artificial Intelligence (AI), which involves computer systems being able to answer questions and complete tasks instantly, allowing specific actions to become automated.

Although AI can provide quick answers and explanations, it may not always be accurate. AI can provide you with general information about pensions or retirement, but if you are looking for information specific to the Fund, what it presents may not be up to date or relevant to your circumstances due to information about the Fund not being publicly available.

If you have any concerns or questions about your pension, please feel free to contact us directly using the information listed on page 2. We are here to provide you with the most reliable and current information.

Pensions Dashboards update

The Government has announced no further updates to the Pensions Dashboards project we mentioned in last year's Pensions Post. (The Dashboards are an online tool that will give everyone quick and easy access to all their pension savings information in one place.)

The Trustee Board is still on track to meet the legal deadline of 31 October 2026. One aspect that will help keep us to the target will be ensuring that we have the most current address for all members; please see the 'Is your information up to date?' section on page 1 for more information.

We will keep you up to date with developments. You can also keep up to date with the project online at www.pensionsdashboardsprogramme.org.uk.

Lifetime allowance update

The government has made several changes to the tax allowances that apply to pension benefits in the 2024/25 tax year.

Out: lifetime allowance

One to note is abolishing the lifetime allowance, which affects the total pension benefits you could build up over your lifetime before paying an extra charge.

In: lump sum allowance

Lump sum allowances have been introduced, which cover the standard amount of tax-free cash you can receive upon retirement. The allowance is £268,275. (This is 25% of the final standard lifetime allowance amount of £1,073,100.) There are more details on the government website at <https://www.gov.uk/tax-on-your-private-pension/lump-sum-allowance>.

In: lump sum and death benefit allowance

This is the maximum amount of tax-free cash you can receive when you retire or your beneficiaries could receive following your death. The amount totals £1,073,100 (the same as the final standard lifetime allowance amount). There are more details on the government website at

<https://www.gov.uk/guidance/find-out-the-rules-around-individual-lump-sum-allowances#individual-lump-sum-and-death-benefit-allowance>.



Autumn Budget 2024 update

Before the Budget, there was a lot of talk about the changes the Government might make to pensions. In the end, the Chancellor only announced one notable change. This was to confirm that inheritance tax will apply to certain payments from 6 April 2027.

For members with a Defined Benefit pension, the change will affect any cash sum we pay to dependants or beneficiaries if a member dies in service or shortly after retiring.

- As long as members have filled in an Expression of Wish form, the cash sum does not currently form part of their estate (their money, property and possessions). This means it is not subject to inheritance tax.
- This will change from April 2027. From this date, the cash sum will form part of members' estates and be subject to inheritance tax.

Under the current tax rules, there is inheritance tax to pay if the value of someone's estate is over a certain amount. In the 2024/25 tax year, this is £325,000. (Inheritance tax applies on the excess.)

We are waiting for the Government to provide more details. The Government is also consulting on the processes that need to be in place to support this change. We will keep you up to date with developments.

If you are unsure of your tax position, please speak to an independent financial adviser. MoneyHelper also offers advice on finding a financial adviser. Go to www.moneyhelper.org.uk and search 'Choosing a financial adviser'.

Retirement living standards: how much to aim for?

For those thinking about the cost of living during retirement, there's been a significant increase; that is where the Pensions and Lifetime Savings Association (PLSA) Retirement Living Standards can be a useful resource. PLSA is a trade association for those involved in designing, operating, advising and investing in all aspects of workplace pensions. Their research helps to show the lifestyle one could have in retirement and how much money you might need to support that lifestyle.

The organisation estimates a cost of about £31,300 before tax for a moderate standard of living, this amount may also go up if you have a partner or live in London. These figures will change over time to reflect the cost of living. The most recent figures, published in January 2024, are shown in the table below.

Living standard	Single person	Couples
Minimum Covers all your needs, with some leftover for fun	£14,400	£22,400
Moderate More financial security and flexibility	£31,300	£43,100
Comfortable More financial freedom and some luxuries	£43,100	£59,500

For further information on the income you would need when planning for a retirement that suits you, go to www.retirementlivingstandards.org.uk/.



State Benefits

State Pension Age increase reminder

The new Labour government is still moving ahead with the planned rises to the age you can start receiving your State Pension. As it stands, the State Pension age will continue to rise in line with the law:

- It will go up gradually from 66 to 67 between 2026 and 2028. This will affect anyone born after 6 April 1960.
- It will then go up from 67 to 68 between April 2044 and April 2046. This will affect anyone born after 6 April 1977.

The Government will also carry out a periodic review of the State Pension age within the next two years of Parliament.

Use the calculator on the Government website to see when you will reach State Pension age (see 'Checking your potential State Pension' below).

Checking your potential State Pension

Your State Pension depends on the National Insurance (NI) contributions you pay during your working life. This means that if you have gaps in your NI record – for example if your earnings have been below a certain level in the past or you have been unemployed – you might not receive the full amount of State Pension.

Importantly, if you do have gaps in your NI record, you might be able to pay voluntary NI contributions to make up the shortfall. This could increase the State Pension you receive.

Use the resources on the Government website to check your position:

There is a calculator that shows when you will reach State Pension age, how much your State Pension might be and if you have scope to increase it. Go to www.gov.uk/check-state-pension.

You can also check your NI record and learn more about paying voluntary NI contributions. Go to www.gov.uk/voluntary-national-insurance-contributions.

If you need help with this, consider speaking to an independent financial adviser.

Are you a man born after 5 April 1951 or a woman born after 5 April 1953?

If you have gaps in your NI record between April 2006 and April 2016, you have until 5 April 2025 to pay voluntary NI contributions to fill them up. (The same deadline applies if you want to make up any gaps in your NI record for the 2016/17 and the 2017/18 tax years.)

After the deadline, you can only pay voluntary NI contributions to cover gaps in the past six tax years.



Behind the scenes

The Trustee Directors

The Trustee Directors are responsible for running the Fund in members’ best interests, while complying with the Fund rules and current pension law.

Company-appointed



David Denney (Chairman)



John Furlong



Elizabeth Clark



Nate Nevas

Member-nominated



Jeff Coupland



Anneliese (Liese) Lord

Could you become a Trustee Director?

We wanted to inform members that within the next two years, a position as Member Nominated Trustee (MNT) will be available.

If you are interested in putting your name forward to be a Trustee Director, there is likely to be a position available in 2026. We will send you more details closer to the time.

If you want to know more about the role and what it involves before then, please contact pitneysecretariat@aon.com.

Our advisers

We appoint professional advisers to help us in certain areas where specialist expertise is required.

Fund actuary

Richard Wheatley FIA, Aon

Checks the Fund’s financial health by carrying out valuations.

Administrator

Aon

Our Pensions Department which looks after the day-to-day running of the Fund.

Auditors

Cooper Parry Group Limited

Checks our accounts and financial records to ensure they are accurate.

Following a review Cooper Parry replaced PWC as Scheme Auditors.

Legal adviser

Gowling WLG (UK) LLP

Gives us expert advice about pensions law.

Delegated Portfolio manager

Aon

Helps us manage our investment strategy, appoints the investment managers and makes our strategy work on a day-to-day basis.

Investment managers

DB section

Aon Investments Limited

Insight Investment Management (Global) Limited

Legal & General Investment Management Limited

Schroder Unit Trusts Limited

Threadneedle Investment Services Limited

Zurich Assurance Limited