Dear Member

May 2020

**The** **Spirit (Legacy) Pension Scheme ("the Scheme")**

**YOUR PENSION BENEFITS - THE IMPACT OF THE CORONAVIRUS**

The purpose of this letter is to reassure you that the Trustee is working closely with its advisers and the Company to consider the appropriate actions to take for the Scheme in these challenging and fast changing times.

The Trustee would like to provide you with the following assurances:

* If you have already retired, your pension will continue to be paid.
* If you have not yet retired, you will still be able to take your benefits and exercise your options at retirement in the usual way.
* The Trustee is monitoring the impact on the assets of the Scheme. The value of the assets has fallen but the important thing is that money is available to pay benefits as members take their benefits from the Scheme. We believe our investment strategy for the Scheme has built in resilience and we are now considering whether there are any actions we can take to protect the Scheme further.
* For those of you with Additional Voluntary Contributions (AVCs), the impact of recent events on the value of your AVC investments will vary depending on what you are invested in. The effect on your benefits at retirement will also vary depending on the length of time you are away from taking your retirement benefits and the form in which you are planning to take your benefits (i.e. drawdown, annuity, cash).

If you want to find out more about your current investments then you can contact the administration team using the details in the attached FAQs**.** We recommend that you seek financial advice if you are considering making changes to your investments.

* The Trustee and its advisers are able to continue to operate despite the restrictions resulting from the spread of the Coronavirus. We are testing and implementing our resilience plans to ensure that we can respond to the changing situation, with regular virtual meetings to make decisions.
* All the services provided by our administrator, Aon, are continuing to be provided. Payment of benefits will be prioritised, so please be patient if more routine enquiries take longer than normal.

Note that there is a heightened risk that scammers and unscrupulous financial advisers will try to take advantage of the current situation by targeting pension scheme members. We have included some tips in the FAQs to help you avoid this.

We have included some FAQs in this letter and will be making those available, along with any updates, on the website https://pensioninformation.aon.com/spiritgroup as this is the quickest way to get any news to you.

**Update on the Spirit (Legacy) Pension Scheme Trustee Board**

We are pleased to announce that Richard Bell, whose term of office as a Member Nominated Trustee of the Spirit (Legacy) Pension Scheme Trustee Board was due to expire on 30 June 2020, has agreed to extend that term for up to a further 12 months to aid stability of the Board in these trying times.

If you are interested in becoming a member of the Trustee Board, or if you would like to ask any questions in relation to Trustee duties or responsibilities, one of the existing Trustee Directors or their advisers will be happy to talk to you. If you would like to talk to discuss the role, please contact the Scheme Secretary, Wendy Evershed, using the contact details on page two of the FAQs.

Finally, we hope that you and your family keep safe and healthy as the situation unfolds.

Yours faithfully

Iain Urquhart

Chair of the Trustees of the Spirit (Legacy) Pension Scheme

**FAQS**

**How has this affected the Scheme's funding position?**

These are testing times on the financial markets, with share prices having fallen sharply in response to concerns about the coronavirus and its potential impact on the global economy.

This situation is having a knock-on effect on the Scheme, which, like many pension arrangements, invests a proportion of its assets in share-based funds. However, we also have robust arrangements in place to manage the Scheme – including an investment strategy that is designed to weather this kind of market volatility and support the Scheme’s development many years into the future.

We continue to work closely with our professional advisers to monitor developments, to understand what this might mean for the Scheme and to consider any steps that might be appropriate.

We’d like to assure you that the Trustees and our advisors are closely monitoring the financial situation and reassure you that we expect no impact on the Scheme’s ability to continue to pay benefits that are due.

**Are my retirement options still available?**

Yes. As a reminder, the options available to you are:

* Take your Scheme benefits as a pension income only
* Exchange part of your pension for a tax-free lump sum
* Convert part of your increasing pension to a larger, non-increasing amount
* Transfer your benefits out of the Scheme to enable you to
  + Take flexible retirement
  + Buy a pension on the open market
  + Take all of your benefits as cash
  + Take a combined approach of the above
* Take all of your benefits as cash if they are small enough

You may also be able to retire early

As a reminder, the following support is already available to you to help with financial decision making:

* Independent financial advice. The Money Advice Service, [www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk), has a directory of financial advisers you can search by postcode. More detail is provided below.

**I have AVCs – what's happened to my fund?**

The COVID-19 Virus has had a substantial effect on global investment markets, having an impact on your pension savings. However, our investment advisors believe that, despite the changes in the short to medium term outlook, it’s important to retain a long-term perspective.

Over long periods of time, equities have provided strong returns, despite periods of poor performance.

The effects of recent market moves will depend on where your pensions savings are invested.

If you’ve chosen to manage your own investments, the effect of recent market events will vary depending on your investment choices. Members with higher allocations to equities will be the most affected.

If you’re invested in the default investment strategy, the impact will depend on your term to retirement:

• Younger members will be invested predominantly in equities, because these are expected to give the best investment return in the long run. They are subject to large fluctuations in value, but as you’re invested for the long term you can afford to ride these out. Your fund value will have fallen significantly. However, while the cause was not expected, fluctuations of this size are to be expected and the strategy is designed to ride them out.

• For those closer to retirement, if you’re invested in the default investment option, your investments have been gradually moving to less risky assets over recent years and this will have provided some protection to your savings from recent market events.

You can continue to contact the administration team through the usual means, and any important news will be published on the website https://pensioninformation.aon.com/spiritgroup.

Whatever happens, don’t make a rushed decision. If you are unsure of the suitability of an investment, you should speak to an authorised financial adviser (the Money Advice Service, [www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk), has a directory of financial advisers you can search by postcode.). Further, we recommend that you check your investment choices periodically and ensure that they continue to be right for you.

**Are our administrators still operational?**

Like many firms Aon are supporting their staff to work flexibly at this time. Whilst this flexibility should not impact the service Aon provides you, we would like to ask for your understanding to support Aon’s flexible working patterns and your patience if more routine enquiries take longer than normal.

Payment of benefits will be prioritised.

When considering contacting Aon, please consider *Is your call really necessary?* or *Is there something you can do/find out by logging on to the website?*

**How do I find out more?**

Remember: If you have any questions about your pension, look on the member website first and you may well find the answer. If you cannot find the answer you are looking for AND your query is urgent, please contact the Scheme administrators using the details below.

**By email**: [spirit.group.mailbox@aon.com](mailto:spirit.group.mailbox@aon.com)

**Or write to**: Spirit (Legacy) Pension Scheme, Aon, PO Box 196, Huddersfield, HD8 1EG. Please quote your Scheme membership number in any communication, as this helps to make sure Aon is talking to the right person. You can find this number on Aon correspondence including statements and pension increase letters.

**What is a pension scam?**

It's important to be aware that while the majority of financial advisers are regulated and pension arrangements are registered, this is not always the case. There is a heightened risk that scammers and unscrupulous financial advisers will try to take advantage of the current COVID-19 (coronavirus) situation by targeting pension scheme members.

Your pension benefits are valuable assets. Like anything valuable, your benefits can become the target for scammers.

Pension scams can take many different forms, but broadly take the form of members being persuaded to transfer their pension out of a scheme to allow access to their funds.

Some schemes will be unlawful and others may operate within the law, but members and schemes could face unauthorised tax charges.

Pension scammers may:

* Try to obtain personal information about you (either illegally or by convincing you to provide the information).
* Apply pressure for you to make a quick decision.
* Make claims that seem “too good to be true”.
* May try to flatter you in to making a bad decision.
* May downplay the risk associated with the decision.

You can find out more about pension scams at [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart).

**How can I protect myself from a pension scam?**

To avoid being the victim of a scam there are several steps you can take:

* Use the [Financial Services Register](https://register.fca.org.uk/ShPo_HomePage) and [Warning List](https://www.fca.org.uk/scamsmart/about-fca-warning-list) to check who you are dealing with.
* Beware of adverts on social media channels and paid for/sponsored adverts online.
* Do not click links or open emails from senders you don't already know.
* Avoid being rushed or pressured into making a decision. If a firm calls you unexpectedly, use the contact details on the Register to check that you’re dealing with the genuine firm
* Do not give out personal details (bank details, address, existing insurance/pensions/investment details*).* We strongly recommend reading the Pension Regulator's guidance on pension scams, which you can find at: [www.thepensionsregulator.gov.uk/en/pension-scams](file:///\\aonnet.aon.net\eufs\StAlbans\STADAT2\CF\Spirit%20Pub\110%20Trustee%20papers\2020%20meetings\8.%2017%20April%20Trustee%20call\www.thepensionsregulator.gov.uk\en\pension-scams)
* If you are asked to transfer your pension elsewhere, we recommend exercising caution and visiting [ScamSmart](https://www.fca.org.uk/scamsmart) ([www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)) which has specific guidance relating to COVID-19.
* If you are approaching retirement then the [Money and Pensions Service](https://www.pensionsadvisoryservice.org.uk/about-pensions/when-things-change/coronavirus-how-will-this-affect-my-pension-or-investments) ([www.pensionsadvisoryservice.org.uk](file:///\\aonnet.aon.net\eufs\StAlbans\STADAT2\CF\Spirit%20Pub\110%20Trustee%20papers\2020%20meetings\8.%2017%20April%20Trustee%20call\www.pensionsadvisoryservice.org.uk)) is also a useful resource.

Remember that if it sounds too good to be true then it probably is.