June 2023

# Spotlight on Pensions

## The Brockhampton Pension Scheme June 2023 Member Booklet

## Welcome

Welcome to your annual update from the Trustees of the Brockhampton Pension Scheme. This booklet will be made available to all Members of the Scheme.

This booklet sets out how the money in the Scheme is invested, the financial activity of the Scheme during the year to 31 March 2022 and other matters of general interest to Members.

This booklet is being delivered to you six months later than usual because of the recent closure of the Scheme to Future Accrual. This booklet would usually have been circulated late in 2022 but that coincided with the Scheme closure consultation exercise and ongoing discussions with the Sponsoring Company and so it was decided to wait until that exercise was completed. This allowed the exercise to be fully explained to all Members of the Scheme.

I would like to thank both my fellow Trustees and the Scheme Advisors for their assistance during a long and challenging period of negotiations with the Company and I can confirm that we believe a satisfactory position was reached on the cessation of accrual.

Finally, I can confirm that at the end of this exercise the Scheme remains in a very strong financial position and continues to ensure Members' accrued benefits can be made when they fall due.

If you have any questions on the information in this booklet, then please contact us using the details on Page 15.

**Nick Roadnight**
Trustee

| The Scheme at a Glance | |
|---|---|
| Assets | £182.2m |
| Liabilities | £174.7m |
| Membership | 507 |

as at 31 March 2022

# Contents

# Scheme Noticeboard

## Closure of the Scheme to Future Accrual

In August 2022, Portsmouth Water (the "Company") approached the Trustees to confirm that they would be undertaking a consultation exercise with the employees in the Company who were continuing to save for a pension in the Brockhampton Pension Scheme, and this consultation was with the prospect of closing the Scheme to future accrual.

At that stage the Trustees took advice from its Actuary, Investment Advisors and Lawyer to understand its duties in relation to the protection of members' benefits and with its advisors, entered into detailed discussions with the Company to fulfil these duties. At this time the Company undertook a consultation exercise with those impacted employees the Trustees were invited to comment on the presentational material to ensure its representation of the Scheme Rules and any reference to the Trustees position was correct. These reviews were undertaken as the Trustees knew that the changes were to be made by a route of asking employees to amend their employment contracts voluntarily.

The Lawyer highlighted to the Trustees the implications of the change of status from Active to Employed Deferred member for the impacted employees and the Trustees insisted that a number of Rule Changes were made to protect those Members' benefits. I am pleased that the Company accepted these changes and the finalisation of the legal deed to introduce those changes is being completed as this publication went to press.

## Changes to the Scheme's Investment Strategy

In the past year the Trustee's made significant changes to the Investment Strategy. They carried out a review of the strategy with their Investment Advisors having been notified by the Company that it intended to consult on a cessation of future accrual. During the review the Trustees identified that movement in gilt markets had reduced liabilities to the Scheme and allowed a significant change of strategy to reduce risk. Riskier growth-seeking assets such as equities and absolute return funds have been replaced with lower risk credit and gilt funds. This allows the surplus position to be broadly maintained and significantly reduces the risk of that changing in the future.

## Trustee Changes

On 14 February 2023 Paul Treagust resigned from the Trustee Board, in addition, on the 3 May 2022 Chris Hardyman stepped down, to work with the Company on the changes to the Scheme.

The Trustees would like to thank both Chris and Paul for their commitment and input during their time as Trustees. Chris remains on the Board as Secretary.

## Normal Minimum Pension Age

Currently you must be aged 55 or over to start taking money from your pension. This is called the Normal Minimum Pension Age (NMPA) and is the age set by the Government.

The NMPA is not the same as your normal retirement age, which is the age nominated within the Scheme to show when you can retire and receive your full pension without reduction. This normal retirement age will be between age 60 and 65 depending on the type of pension category you have been saving into. This/these dates are detailed on your benefit statements. You are entitled to take your pension(s) earlier than your normal retirement age, and that would see an early retirement reduction made to your pension due to it being paid for longer. However, you are not entitled to take a pension before the NMPA.

The Government have now confirmed that from 6 April 2028, the NMPA will increase to 57. So from 6 April 2028 you will need to be aged 57 or older before you can start taking money from your pension. If you think this may impact you and would like to get further information, please contact us.

## Do you have an email address?

If you would like the annual updates, and future communications from the Trustees, to be sent to you by email, please email the Secretary at c.hardyman@portsmouthwater.co.uk

By providing your email address, it not only helps the environment it also means you will receive updates faster.

## Pension Paydays and Payslip Reminder 2023/24

| **Month** | **Payment Date** |
|---|---|
| June 2023 | 29 June |
| July 2023 | 28 July |
| August 2023 | 31 August |
| September 2023 | 28 September |
| October 2023 | 26 October |
| November 2023 | 30 November |
| December 2023 | 21 December |
| January 2024 | 25 January |
| February 2024 | 29 February |
| March 2024 | 28 March |
| April 2024 | 25 April |
| May 2024 | 30 May |

Pensioners will have received a payslip confirming the new value of their pension following the Pensions Increase in April 2023 and a letter confirming the pay dates for the next 12 months. Thereafter, for the rest of the financial year Pensioners will only receive a payslip should the value of their pension change by more than £5.

## Is your Expression of Wish form up to date?

If you are still an employee, it is important to keep your Expression of Wish form updated with any changes in your personal circumstances. The Company keeps details of your wishes on record so that in the event of your death, we can easily and quickly identify anyone you have nominated to receive any lump sum benefit.

*Please note:* *The Expression of Wish form relates to a lump sum payment in the event of death during employment.*

*If you are no longer an employee of Portsmouth Water, there is no lump sum entitlement on death and therefore the form is no longer applicable. Your form would have been destroyed when you left the Company.*

*If you are an employee of Portsmouth Water your lump sum entitlement on death is 6 times your basic salary. This replaces the benefit which was provided through the Scheme of 4 times your basic salary. Your previous Expression of Wish forms have now been securely destroyed.*

## Have you considered a Lasting Power of Attorney?

Nobody really wants to think about a time when they may not be able to look after their finances. But there are all sorts of reasons why people can't – or don't want to – deal with things like their pension. We are seeing the use of Lasting Power of Attorneys (LPOA) increase, as the benefits of having one in place are becoming more widely known; they can really help ease the burden for a relative or friend who is trying to help you at a potentially emotional time.

Setting up a LPOA for the future is something you may be putting off – but you shouldn't. In England and Wales a LPOA for property and financial affairs can be set up, without a solicitor, using standard forms available from the Office of the Public Guardian at a cost of around £80 (a similar system exists in Scotland). And it's beneficial for a number of reasons.

**It's not just for old people**
It's true that older people are more likely to need one, as the effects of ageing often mean a reduction in capacity – and interest – in people handling their financial affairs. However, LPOAs are useful in a range of circumstances – if you are planning on spending a period of time abroad for example, or have an operation planned and do not want to deal with your finances while recovering.

**Your spouse or child can't sort out your pension for you**
This is a common misconception – being your spouse or a child does not automatically give someone the ability to handle your financial affairs. Your spouse can't ask us to change your address or bank details for example, and we cannot provide them with payslips or other financial information.

**Not having a LPOA may make things more difficult later on**
If you don't have a LPOA in place, then you will still need to be prepared to handle your finances. Should you lose mental capacity and not be able to take decisions, an application may need to be made to the Court of Protection to appoint a Deputy to manage your affairs on your behalf. This is a lengthy and costly process, and the Deputy will have formal responsibilities, including the submission of an annual report to the Office of the Public Guardian.

Of course, if you already have a Lasting Power of Attorney in place, then do let us know. Once we have checked that it has been registered with the Office of the Public Guardian, we can then accept instructions from your Attorney(s) should the need arise in the future.
More information can be found at: https://www.moneyhelper.org.uk/en/family-and-care/long-term-care/setting-up-a-power-of-attorney-in-england-and-wales

## Ensuring Your Details Are Up-to-Date

We always aim to provide you with the best possible service when it comes to managing your pension. One way you can help us achieve this is by ensuring the personal details you provide us with are up to date.

Please remember to let us know of any changes to your personal contact details, especially if you no longer work for Portsmouth Water. We need to know:

- **Changes to your address;**
- **Changes to your bank details, and;**
- **Changes to your marital status.**

If any of the above information changes, or has changed for you, please contact the Payroll Department as soon as possible. You can do this via email to payroll@portsmouthwater.co.uk

## Privacy Notice – Data Protection

The Trustees take the privacy of member data seriously. The Scheme's Privacy Notice provides information regarding the personal data held by the Trustees and how it is processed and is included on the Scheme webpage.

# Money and Membership

## Actuarial Results

Within this booklet are details of the 2021 Actuarial Valuation and 2022 Actuarial Report. These give a financial health check of the Scheme. The Trustees monitor the funding position on a regular basis.

## How are pensions paid for?

It is the Company's duty to pay contributions in order that the Scheme has sufficient funds to pay pensions to members when they retire. These contributions are set out in a Schedule of Contributions which is prepared by the Trustees in consultation with the Company. The contributions are set in two parts - to recover any deficit in respect of benefits already accrued by members and to meet the expected cost of future benefit accrual within the Scheme.

Following the cessation of future benefit accrual within the Scheme with effect from 31 March 2023, the Company is no longer required to pay contributions for benefit accrual. The 31 March 2021 actuarial valuation showed a surplus in the Scheme for benefits already accrued and so the Company is currently not required to pay any deficit recovery contributions to the Scheme. The surplus / deficit position of the Scheme will be reviewed as part of the next Actuarial Valuation due at 31 March 2024.

## Are pensions guaranteed?

Like all pension schemes, this Scheme contains no guarantees that the benefits will be paid in full. This will depend on there being enough money in the Scheme to pay pensions now and in the future. It also depends on the Company carrying on as the employer and the Scheme not being wound up. This has been the situation to date.

The Company is fully aware of its obligations to the Scheme and although it is no longer paying ongoing contributions for future accrual, it retains the obligation to support the Scheme.

The Trustees are not aware of any reason why the Company should not be able to continue supporting the Scheme in the future.

## What would happen if the Scheme were wound up?

If the Scheme is wound up before you retire, you might not get the full amount of pension you have built up, even if the Scheme is fully funded under the Trustees' funding plan. The extent to which the Scheme can secure with an insurance company the pension rights which have built up if it was to wind up, is known as its solvency position. These costs are usually estimated by an actuary rather than obtaining definitive quotations from an insurance company.

An estimate of the solvency position was included in the Actuarial Valuation as at 31 March 2021, when the Scheme was estimated to have 91% of the money needed to secure the accrued benefits of all Members in full. If the Scheme were to start to wind up, the law would require the Company to pay a debt to the Scheme calculated as the amount that the Scheme would need to fully secure Members' benefits with an insurance company.

It may be, however, that the Company cannot pay the full amount of the debt owed. If the Company became insolvent, the Pension Protection Fund (PPF) may be able to take over the Scheme and pay compensation to Members. The PFF has been set up by the Government to help protect Members' benefits where a company becomes insolvent, although it does not guarantee to pay full benefits.

Further information and guidance is available on the PFF website at www.pensionprotectionfund.org.uk. Or you can write to the Pension Protections Fund at Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA.

## Scheme Accounts

Every year, the Trustees must produce a full set of Accounts showing how much money has been paid into the Scheme and how much has been paid out. These accounts are audited by KPMG, who check that they show a true and fair view of the Scheme's financial transactions. The table summarises these transactions for the years ended 31 March 2021 and 2022. The accounts for 31 March 2023 have yet to be audited and will be reported upon in the next newsletter.

| | **2022** (£m) | **2021** (£m) |
|---|---|---|
| **Income** | | |
| Contributions (employees and employer) | 1.3 | 1.3 |
| Investments | 4.7 | 5.0 |
| Total income | 6.0 | 6.3 |
| | | |
| **Expenditure** | | |
| Benefits paid | (4.4) | (5.2) |
| Admin and investment expenses | (0.7) | (0.5) |
| Payments to and on account of leavers | - | - |
| Total expenditure | (5.1) | (5.7) |
| | | |
| Net withdrawals from dealing | 0.9 | 0.6 |
| Change in market value of investments | 2.6 | 19.2 |
| Net increase in fund during year | 3.5 | 19.8 |
| Net assets at 1 April previous year | 162.3 | 142.4 |
| Total scheme assets | 165.8 | 162.3 |
| Scheme Assets for Valuation Purpose | 182.2 | 177.9 |
| Amount needed to provide accrued benefits | 174.7 | 172.9 |
| Scheme surplus | 7.5 | 5.0 |
| Funding level | 105% | 103% |

The above results relate to an Actuarial Valuation that was conducted at March 2021 and Actuarial Report at March 2022. The results of the March 2023 position will be available later in the year and will be reported upon in the next newsletter.

Regulations require us to confirm to you whether the Pension Regulator has exercised any of its powers in relation to the Scheme under the Pensions Act 2004. We can confirm that they have not.

Regulations also require us to confirm to you whether the Company has taken any money out of the Scheme since the date of our last summary funding statement. We can confirm that they have not.

## Member Statistics

| | **2022** | **2021** |
|---|---|---|
| Active Members | 84 | 100 |
| Deferred Members | 124 | 117 |
| Pensioners | 299 | 298 |
| **Total** | **507** | **515** |

On 31 March 2023 the Scheme closed to future accrual and all active members switched to employed deferred status

## Spotlight on Investments

### Investment Objective

The Scheme has a fund of money which the Trustees then use to pay pensions to members when they become due. This money is held in a common fund not in separate funds for each member.

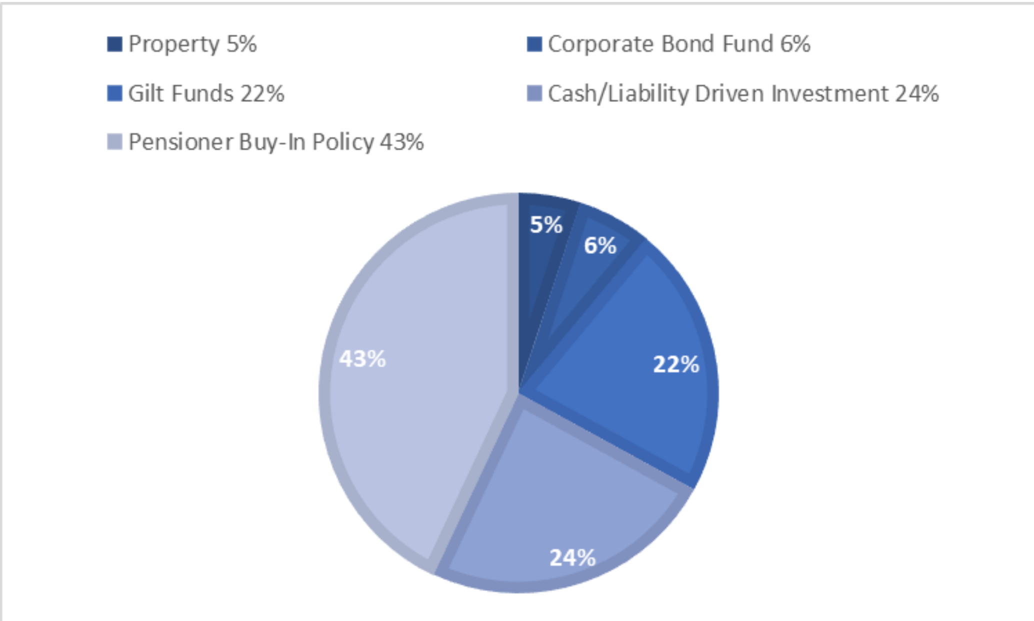
In order to ensure that there is sufficient money in the fund to pay members' pensions as they fall due, the Trustees work regularly with their investment advisors to review the assets held. The Trustees' objective is to set the investment strategy so that there is sufficient money to meet member benefits when they fall due, whilst minimising dependence in further contributions from the Company.

### Investment Strategy

The Scheme's investments are held in a trust, separate from the Company, which is run by the Trustees. The Trustees' policy is to invest in different types of investments.

The Scheme's current investment strategy is shown in the chart below.

**Investment Strategy Split of Assets**




Figures above as at 31/03/23

In the past year the Trustee's Investment Strategy has changed significantly. They carried out a review of the strategy with their Investment Advisors having been notified by the Company that it intended to consult on a cessation of future accrual. During the review the Trustees identified that movements in gilt markets had reduced liabilities to the Scheme and allowed a significant change of strategy to reduce risk. Riskier growth-seeking assets such as equities and absolute return funds have been replaced with lower risk credit and gilt funds. This allows the surplus position to be broadly maintained and significantly reduces the risk of that changing in the future.

## Understanding and Safeguarding Your Pension

### Don’t let a scammer enjoy your retirement…

The prospect of scammers can be quite unnerving when you’re planning your retirement, but, as long as you’re sensible and know what to look out for, you can avoid them getting anywhere near your pension.

Here are six tips to help your stay alert:

1) **Reject unexpected offers**: If a pension company suddenly contacts you with an enticing offer, which you’ve not come across before, it’s probably a scam. Scammers are known for cold-calling about pensions, but this became illegal in 2019. So, if you’re cold-called, remember that caller is breaking the law, reject the offer right away and hang up

2) **Check who you’re dealing with:** It’s not unusual for fake pension companies to seem legitimate. Scammers are experts in creating websites and brochures that look above board. So, it’s wise to do your research and check who you’re dealing with. It’s also worth checking the Financial Services Register **register.fca.org.uk/s/** for their details to make sure they’re FCA-regulated.

3) **Be aware of false claims:** Pension scammers often try to draw you in by making hard-to-beat claims. They’ll use words like “pension liberation,” claiming that you’ll “gain high-guaranteed returns” or “access to your pension before you’re 55.” But such claims are actually not possible for a pension company. Like many things in life, if it seems too good to be true, it probably is.

4) **Never give out your bank details:** You should never give your bank details to a company that contacts you – over the phone, online, or in person. This includes your bank account number, card PIN and online banking password. An official pension company will never ask you to provide these details. If they do, it’s most likely a scam… so beware!

5) **Don’t feel rushed or pressured:** Setting up a pension shouldn’t be a rushed task. But scammers will pressure you to act quickly and sign up on the spot. If you come across a pension scheme that you’d like to know more about, don’t feel rushed or pressurised into making a decision. Read all the available information carefully before you commit to anything.

6) **Get impartial advice:** It’s always worth getting impartial advice to stay on the safe side of a potential scam. You can get this free from The Pensions Advisory Service. Or by speaking to an independent financial adviser. Remember, the adviser should be regulated by the FCA and not linked to the pension company offering the scheme you’re interested in.

**The Scheme Administrators Lane Clark and Peacock (LCP) will never cold call you and ask for information. They would only call you in response to an enquiry you have made.**

## Pensions Tax Allowances

From 6 April 2023 the Government removed the Lifetime Allowance (LTA) Charge. In addition, Annual Allowance limits were increased from the same date from £40,000 to £60,000, the Money Purchase Annual Allowance from £4,000 to £10,000 and the adjusted income for tapered Annual Allowance from £240,000 to £260,000.

## Scheme Explanatory Booklet and Factors

The Explanatory Booklet of the Scheme and details of the Early and Late Retirement Factors and Commutation Factors can all be found on WorkPlace in the Knowledge Library under the Brockhampton Pension Scheme section. Copies can also be supplied on request – please contact the Secretary.

## List of Additional Scheme Documents Available on Request:

**Statement of Investment Principles**

This explains how the Trustees invest the money paid into the Scheme and can be viewed on the BPS webpage.

**Schedule of Contributions**

This shows how much money is being paid in the Scheme.

**Annual Report and Accounts of the Scheme**

This shows the Scheme's income and expenditure in the year up to 31 March 2022.

**Actuarial Valuation**

This is the report following the Actuary's assessment of the Scheme's funding situation as at 31 March 2021.

**Statement of Funding Principles**

This sets out the Scheme's funding plan.

**Explanatory Booklet for the Brockhampton Pension Scheme**

This can be found in the Knowledge Library on Workplace, but a copy can be made available on request.

**Annual Benefit Statement**

Previous statements for active Members of the Scheme were circulated late 2021. The Company did prepare statements for Members to accompany the closure of the Scheme to future accrual and new formal statements from the Trustees are being prepared for affected Members and will be circulated shortly.

**Scheme Privacy Notice**

This provides information regarding the personal data held by the Trustees and how it is processed. This can be viewed on the BPS webpage.

## Trustees and Professional Advisors

The Brockhampton Pension Scheme is managed by seven Trustees, two of whom are Member Nominated and one Corporate and are listed below:

### Trustees

**Nicholas Roadnight** FCA
*Chairman and Trustee*

**Christopher Hardyman** ACIS
*Secretary*

**Neville Smith** BA, FCMA, CGMA
*Trustee*

**John Cogley** B.Sc, C.Eng, MICE
*Trustee*

**Timothy Jackson** B.Sc, FICE
*Member Nominated Trustee*

**Paul Barfoot** ACIB
*Trustee*

**Samantha Dawson** BA (Hons), CMgr MCMI
*Member Nominated Trustee*

**Portsmouth Water Superannuation Fund Trustee Limited**

The Trustees have a legal obligation to run the Scheme in the best interests of all its Members and Beneficiaries. They are responsible for making sure that the Schemes investments and administration comply with the Scheme Rules and current Law. They appoint professional advisors to assist them, listed below:

**Scheme Actuary**
David Stewart, Lane Clark Peacock LLP

**Trustee Advisor**
Vassos Vassou, Dalriada Trustees

**Administrators**
Lane Clark Peacock LLP

**Auditors**
KPMG

**Bankers**
Lloyds Bank plc

**Investment Advisors**
Lane Clark Peacock LLP

**Investment Manager**
Columbia Threadneedle Investments

**Solicitors**
Gunnercooke LLP

## Useful Contacts

### Please keep in touch

We are keen to hear your thoughts and queries. If you would like to send us your comments, or if you need more information, please do not hesitate to contact us. Please remember to keep us informed if your address changes so that we can keep in touch with you and pay your benefits promptly when the time comes.

If you would like to get in touch, there are a number of ways you can do this:

**Chris Hardyman** (The Scheme's Secretary) - *Contact for general and benefit enquiries:*
**E-mail**: chris.hardyman@portsmouthwater.co.uk
**Telephone**: 023 9224 9253
**Post**: Brockhampton Springs
West Street
Havant PO9 1LG

**Payroll Department** - *Contact for changes to address, marital status or banking arrangements.*
**E-mail:** payroll@portsmouthwater.co.uk
**Telephone:** 023 9224 9259
**Post:** As above

**Lane Clark & Peacock LLP** (The Schemes Administrator)
**E-mail:** BrockhamptonAdmin@lcp.uk.com
**Telephone:** 01962 870060
**Post:** Lane Clark and Peacock LLP
St Paul's House
Winchester SO22 5AB

If you would like to know more about pensions in general, the following are useful sources of information:

Government Website: www.gov.uk

Numerous changes have been made recently to the State Pension, how much you will get and when you can expect to receive that pension. To obtain a State Pension statement you can apply for one online at www.gov.uk/check-state-pension

The Pension Regulator: www.thepensionsregulator.gov.uk

HM Revenue & Customs: www.hmrc.gov.uk/pensionschemes

Tailored guidance to explain your pension options for DC savings www.pensionwise.gov.uk

To trace a missing occupational Pension Scheme: www.gov.uk/find-pension-contact-details
**Telephone:** 0800 731 0193 **Post:** Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton WV98 1LU