



A newsletter for the
Members of the Canada Life UK
Division Staff Pension Fund

KNOW YOUR PENSION 2022

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IN THE KNOW

Message from the Chair Trustee

It has been yet another eventful year for the Scheme and for the Trustees. As you will no doubt be aware, there has been a series of shocks to the financial markets over the last 12 months for a variety of reasons. I am pleased to say that the investment strategy we have adopted for the Scheme has coped well with these fluctuations, and we did not experience any of the liquidity issues you may have recently seen reported for other Defined Benefit schemes.

In fact, the funding position of the scheme has continued to improve. On page 8 you can see that it improved from 83% to 93% over 2021, and at the time of writing we believe it is now just over 100%. For the first time for more than a decade we have more assets in the Scheme than our current estimate of what we will need to pay all future benefits. We have a full valuation (which we do every three years) coming up in early 2023 (based on year-end 2022) and that should hopefully confirm the position.

The term of office for our Member Nominated Trustees (MNT) came to an end over the summer. Nicki Pett decided that unfortunately she could no longer devote the time needed to the role, and so she stepped down. The Trustees would like to thank Nicki for her valuable contributions over the last two years. Two members stood, and with two places available they were elected unopposed. We will continue to benefit from Richard Helyer's experience and wisdom as he continues his long association with the Scheme, and we are delighted to welcome Karen Austin as our new MNT. Karen worked for Canada Life as head of internal audit in the 1990s and has experience as a Trustee of other pension schemes, so we are very pleased to have her on board.

We continue to focus on Environmental, Social and Governance issues, particularly in respect of the investments we hold. We have had several meetings with our advisers and investment managers on this topic over the year and we are in the process of developing targets that the Scheme will sign up to. We will share more on this in due course.

KNOW YOUR TRUSTEES

TRUSTEE

The assets of the Fund are held in trust for the benefits of members and are managed by the Trustee of Canada Life UK Division Staff Pension Fund

Employer nominated

John Occleshaw (Chair)

Tracey Deeks

Narmie Riley

Rick Wisentaner

Member nominated

Richard Helyer

Karen Austin



ARE YOU ON THE MOVE?

Please remember to let the Fund Administrator know if you move home, so that we can keep in touch with you and make sure your benefits are paid on time.

KNOW THE LATEST NEWS

HOW MUCH WILL YOU NEED IN RETIREMENT?

You'll probably spend less on fuel or fares, but you'll want to continue enjoying the things you do now, and afford the things you dream of doing in the future. So how do you know if you have saved enough?

A good place to start is research published by the Pensions and Lifetime Savings Association (PLSA) designed to help people understand how much money they're likely to need in retirement.

PLSA's research shows that if you're single, have paid off your mortgage or won't be paying any rent, you'll spend:

£10,900 a year – if you plan to take a week's holiday in the UK every year and be able to eat out or go to the pub with your friends and family from time to time.

£20,800 a year – if you prefer a two-week holiday overseas every year, and would like to have more money left over to enjoy the things you love to do.

You can find out more about PLSA's retirement living standards at www.retirementlivingstandards.org.uk

PROTECT YOUR PENSION SAVING

If you're considering making changes to the way you're saving or investing, a financial adviser could be an invaluable resource when it comes to making good financial decisions.

An adviser will charge for their services. But it's worth remembering that they can often be worth that outlay to ensure you're making good, long-term decisions. They're regulated by the Financial Conduct Authority, so they must follow strict rules when they give you advice – make sure you check that they're registered before you start planning.

Getting a positive recommendation from someone you trust and whose opinion you value can make all the difference.

Once you've found a potential adviser, make sure you ask them questions. This is your money, and your future. Most financial advisers will agree to an initial meeting, free of charge - so make sure you get the most out of that first meeting.

Ask them questions about what you want to do and how they can help. If you don't know what you want to do, tell them what you've got and ask them to lay out some options. The adviser's answers to these questions (and their willingness to provide examples of how they've helped someone similarly in the past) will give you a good idea of what they're like to work with.

Top tip: another place you can find a list of financial advisers is here:

www.vouchedfor.co.uk If you find someone you like, make sure you look them up separately – see if you can find testimonials or reviews of the individual/firm.

KNOW THE FINANCES

We receive regular payments from CLFIS UK (the Company) which we invest and use to pay benefits. Here is a summary of the money we received and the payments we made, over the last fund year.

COMPANY CONTRIBUTIONS

Contributions are paid into the Fund by the Company, as agreed at the actuarial valuation, in order to remove any shortfall in funding.

PAYMENTS RECEIVED

Company contributions	£17.3m
Transfers In	£0.8m
Investment income	£2.1m
Change in market value of investment	£29.3m
Other Income	£0.8 m

FUND MEMBERSHIP

2020 
1,328 864

2021 
1,286 875

- Members who have not yet retired
- Pensioners and beneficiaries

ACCOUNTS FOR THE YEAR ENDING 31 DECEMBER 2021

£350.8m

Value at 31 December 2020

+

£50.3m

What came into the Fund

—

£12.0m

What went out of the Fund

=

£389.1m

Value at 31 December 2021

PAYMENTS OUT OF THE FUND

Benefits paid or payable	£9.3m
Payments to and on account of leavers	£2.4m
Other payments	£0.1m
Investment management expenses	£0.2m

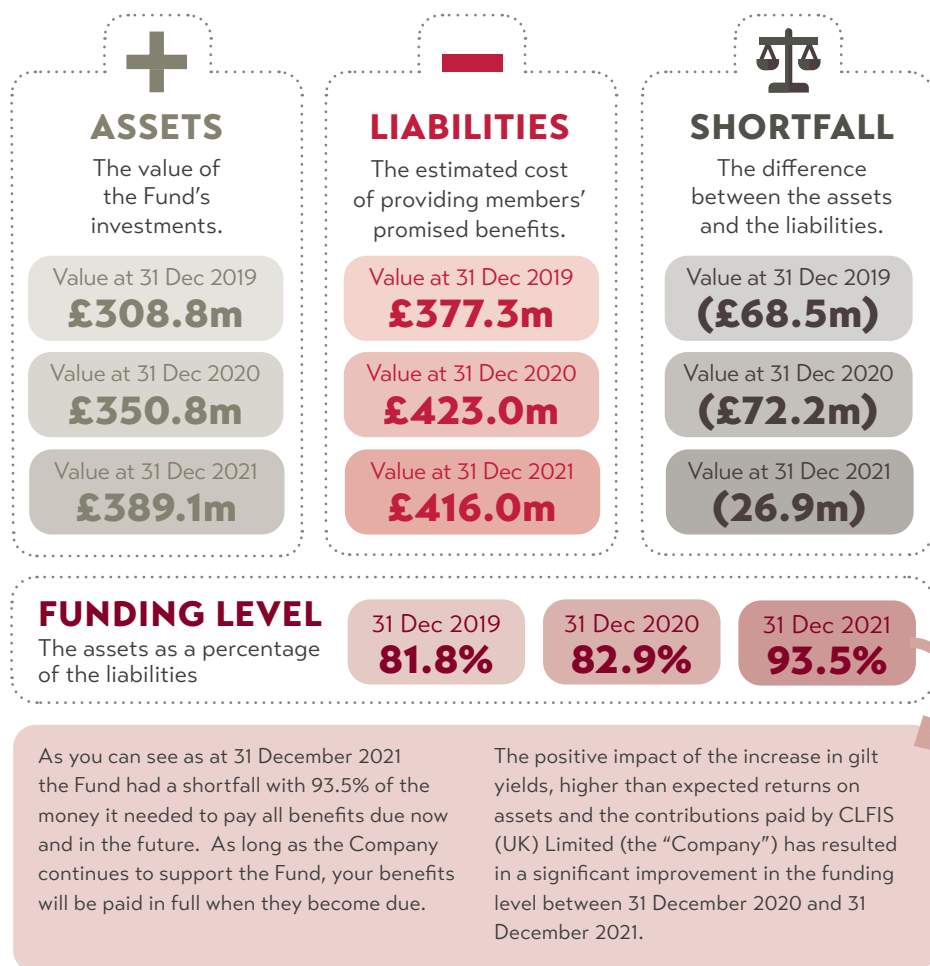
To see how we manage the Fund, see 'Know the investments' on page 10.

NEW TRANSFER REGULATIONS

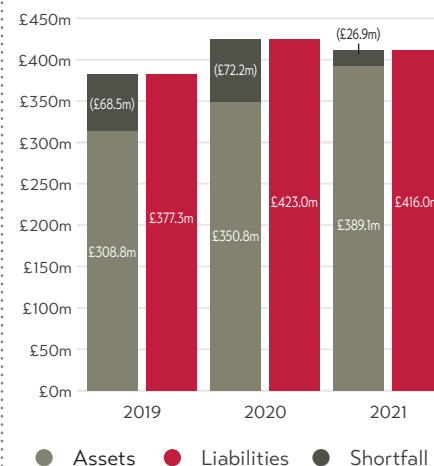
There are new regulations the Trustee and Fund Administrator must follow when it comes to processing any transfer out request. Where members wish to transfer benefits to another registered pension arrangement, additional checks will be undertaken to assess whether the transfer request meets certain conditions to enable the transfer, in an effort to further prevent pension scams.

HOW IS THE FUND DOING?

The Trustee must make sure the Fund has enough money to pay members' benefits both now and in the future, and so every three years a full valuation of the Fund is undertaken, with annual checks in between. These calculations are carried out by an Actuary appointed by the Trustee. Here is a summary of the funding positioning at the last valuation and how this compares with the annual updates.



The Fund's financial position



WHAT DOES THIS MEAN?

These valuations are only a snapshot in time, and as market conditions change, it's perfectly normal for the funding level to fluctuate over time. If the funding level is 100% or more, that means there was enough money to pay the benefits as and when they are due to be paid.

As at 31 December 2021, the Fund had a funding level of 93.5% and so the Trustee has agreed a recovery plan with the Company which includes a commitment to pay additional contributions to remove the shortfall.

The Company has agreed to pay £17,290,000 per annum to reduce the Fund's deficit, which as at 31 December 2019 was expected to eliminate the deficit by 31 December 2023.

PROTECTING YOUR BENEFITS

As part of the valuation, the Actuary also works out how much money the Fund would need if the Company could no longer support it, the Fund were to be wound up and the Trustee secured members' benefits by buying an insurance policy.

Securing benefits in this way is expensive. The estimated cost to ensure that all members' benefits could be paid in full if the Fund wound up on 31 December 2019 was £520.5m, resulting in a shortfall of £211.7m compared with the value of the assets on the same date. If there is not enough money in the Fund to buy out all the benefits with an insurance policy, the Company would have to make up the shortfall.

For cases where a company goes out of business and doesn't have the money to pay the benefits promised, the Government has set up the Pension Protection Fund (PPF) which can pay compensation to members. You can find out more about the PPF on its website: www.ppf.co.uk.

Please note that the inclusion of this information does not imply that the Company or the Trustee are thinking of winding-up the Fund. It is simply required to form part of our report.

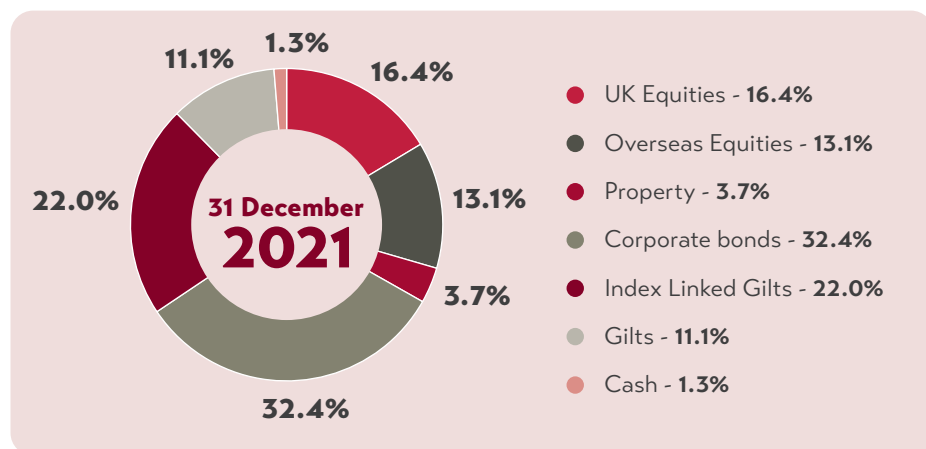
THE LEGAL BIT

Legally, we have to confirm that the Company has not taken any surplus payments out of the Fund in the last 12 months and that there has been no intervention from The Pensions Regulator to use its powers to modify the Fund, or to impose a direction, or a schedule of contributions.

KNOW THE INVESTMENTS

OUR INVESTMENT STRATEGY

The Fund's investment strategy is set by the Trustee after taking appropriate independent advice. The Fund's assets were allocated to the following investment types (graph below).



The Trustee and their investment advisor have considered Environmental, Social and Governance criteria when setting the investment strategy for the 2021/22 year and will continue to do so.

More information about our investment strategy is published in our Statement of Investment Principles. Copies of all the Fund's documents are available upon request from the Fund Administrator.

WANT TO KNOW MORE?

WHERE CAN I GET MORE INFORMATION?

These websites are a useful source of information about pensions and general financial matters.

- 🌐 www.gov.uk for Government information and public services, including workplace pensions and State benefits.
- 🌐 www.moneyhelper.org.uk is the new one stop service for Government-backed guidance, bringing the support offered by The Money Advice Service, Pension Wise and the Pensions Advisory Service under one roof.

MoneyHelper aims to make your money and pension choices clearer; to cut through the jargon and complexity, explain what you need to do and how you can do it. It is free to use and provides impartial guidance and can recommend further, trusted support if you need it.

You can also ring MoneyHelper free on **0800 011 3797**, Monday to Friday 9am to 5pm.

KNOW THE JARGON

Actuarial valuation

An investigation by an actuary into the ability of a defined benefit pension scheme to meet its liabilities. This determines the funding level and the recommended Company contribution rate.

Assets

Investments for example such as equities, gilts, property and cash.

Bonds

A form of loan to a company or government – the borrower pays interest and pays back the loan when it matures (bonds issued by the UK government are called gilts).

Property

Property funds invest in commercial property e.g., shops and offices rather than in residential property.

Equities

Shares in a company which are bought and sold on a stock exchange.

Funding level

This is the relationship between the value of a scheme's investments and its liabilities at a specific date.

Gilts

Bonds issued by the UK Government.


WANT TO KNOW MORE?

FUND INFORMATION

If you would like any more detailed information about the Fund, you can ask the Fund Administrator for a copy of various documents including:

- the trust deed and rules
- actuarial valuations
- the schedule of contributions
- the statement of investment principles

The Fund Administrator is:

 Hymans Robertson,
20 Waterloo Street,
Glasgow,
G2 6DB


 0141 566 7777

 **CanadaLifePensions@hymans.co.uk**

You can also access and update your personal details and information about your pension on PRISM at <https://secure.canadalifepensions.co.uk/>

TRACKING DOWN LOST PENSIONS

It's worthwhile taking time out now to think about how much income you are on target to receive when you retire and whether it will be enough. Of course, your income in retirement may come from a number of sources including previous employers. If you would like to track down a lost pension scheme, the Pension Tracing Service may be able to help you free of charge.

 0800 731 0193

 Textphone: 0800 731 0176

 **www.gov.uk/find-lost-pension**

When you call, it is a good idea to have some information to hand – such as your National Insurance number, the name of the company you worked for, and the dates you worked there.

YOUR DATA

If you would like to find out more about how we use your personal data please follow the link to the Hymans Robertson Trust Centre:
www.hymans.co.uk/information/trust-centre/