

Your

Pension Matters

The Trustees' report to members

May 2024

Pearl Group Staff Pension Scheme

welcome

I'm pleased to present this year's issue of *Your Pension Matters*, the newsletter for members of the Pearl Group Staff Pension Scheme. It includes the latest news from the Scheme as well as general information about pensions which we hope you find useful.

The funding level of the Scheme has remained stable over the past year, and the most recent update, at 30 June 2023, showed that it was 103%. You can read more in the summary funding statement on page 8. The Trustees are preparing for the next full valuation of the Scheme, which is due as at 30 June 2024.

Our thanks go to Bob Seaman, who stepped down from the Trustee board in June 2023, after nine years as one of our Company-appointed Trustee Directors.

Finally, I hope you enjoy reading this year's issue of *Your Pension Matters* and find it useful. If you have any questions about the Scheme or your pension benefits, please get in touch with the Scheme administrator using the contact details on the back page.

Keith Jones
Chair of the Trustees

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Scheme highlights*

£1.9 billion

The value of the Scheme's assets on 30 June 2023

£83.8 million

The value of the pensions paid to members in 2022/23

103%

The funding level as at 30 June 2023

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*Taken from the Report and Accounts for the financial year to 30 June 2023.

Pensions news

Be scam smart

Pension scammers promise high returns and low risk. In reality, pension savers who are scammed are usually left with nothing, and many lose their life savings. Typical scam tactics include contacting you out of the blue, promises of guaranteed returns, free pension reviews, access to your pension before age 55 and pressure to act quickly.

Do

reject unexpected offers
a free offer out of the blue is probably a scam

check who you are dealing with
use the Financial Services Register to make sure that anyone offering you advice is authorised by the Financial Conduct Authority

get impartial advice
MoneyHelper provides free, independent information and guidance

Don't

be rushed or pressured
take your time to make all the checks you need. A deal that sounds too good to be true probably is.



You can find out more about pension scams and how to protect yourself at <https://www.fca.org.uk/scamsmart>

Is your nomination form up to date?

One of the hardest decisions the Trustees make is how to pay any benefits that are due when a member dies without completing an up-to-date nomination form, sometimes known as an expression of wish. It is important to let us know your wishes, especially if your situation is complicated or if your circumstances have changed, for example, you have got married or divorced, entered or left a civil partnership or had a child. If you are already married then your spouse will automatically qualify for a spouse's pension, and so there is no need to complete a nomination form for them.

You can update your wishes at any time by downloading a blank nomination form at www.pearlstaffpensionscheme.co.uk/Members/Forms. You can also contact the Scheme administrator using the details on the back page.

Mid-life MOT for your finances

The Department for Work and Pensions (DWP) has launched a new website (<https://jobhelp.campaign.gov.uk/midlifemot>) aimed at workers aged 45 to 65 to help them carry out a 'mid-life MOT' – essentially a check-up on your finances, much as someone might receive a health check from their GP.

The website offers free online support to help you make decisions that will ensure the future retirement you want, looking specifically at work, health and money. It includes information on the State pension and caring responsibilities, as well as links to key organisations including the NHS, Mind, MoneyHelper and Citizens Advice.

“

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Supporting the mid-life MOT is MoneyHelper's financial tool that provides a personalised report to help understand what to prioritise to improve your financial position from now until retirement.

Removal of the lifetime allowance

The government has previously limited the total amount of tax-free pension savings you could build up over your lifetime with the Lifetime Allowance (LTA). From April 2024, the LTA was abolished.

New lump sum allowance

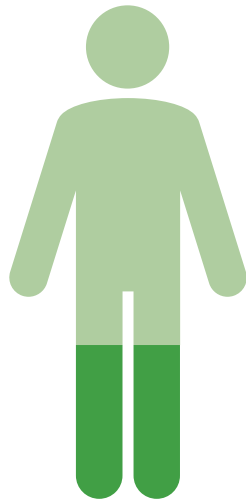
If you wish to take a tax-free cash lump sum when you take your benefits at retirement, you can take up to 25% of the value of your pension pot. A limit of £268,275 now applies to this lump sum. Your Lump Sum Allowance may be higher than this if you hold a 'pension protection' from HMRC.

Change to minimum pension age

The government is raising the minimum age at which you can access your pension from 55 to 57. The change will take place in April 2028, so if you are planning to retire early, you may wish to adjust your plans accordingly. You will only be able to retire before age 57 after 2028 if you have a protected 'pension age' with your scheme.

Who's in the Scheme?

As at 30 June 2023, there were 16,941 members in the Scheme.



Final Salary section

10,022

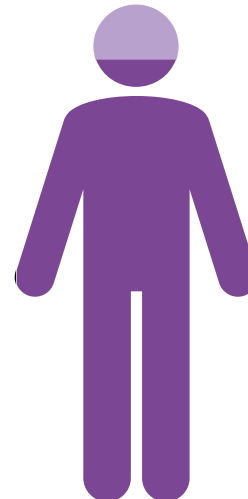
Pensioner members

5,474

Deferred members

15,496

Total



Money Purchase section

182

Pensioner members

1,263

Deferred members

1,445

Total

Some of our members have benefits in both sections of the Scheme. They are included in the totals for the Money Purchase section.

The Scheme's finances





The information on these pages is a summary that has been taken from the Trustees' formal report and accounts for the year to 30 June 2023.

	Final Salary section £m	Money Purchase section £m	Total £m	Previous year to 30 June 2022 £m
Income				
Contributions	-	-	-	-
Investment income	91.9	-	91.9	85.1
Total	91.9	-	91.9	85.1
Expenditure				
Benefits payments to members	(92.8)	(0.4)	(93.2)	(90.1)
Payment to leavers	(5.6)	(1.2)	(6.8)	(10.9)
Investment expenses	(0.6)	-	(0.6)	(1.5)
Total	(99.0)	(1.6)	(100.6)	(102.5)
Income less expenditure	(7.1)	(1.6)	(8.7)	(17.4)
Change in market value	(516.9)	3.3	(513.6)	(500.6)
Net increase/decrease	(524.0)	1.7	(522.3)	(518.0)
Fund value at 30 June	1,830.2	61.6	1,891.8	2,414.1

Final Salary section

Summary funding statement

Every three years, the Scheme actuary carries out a full actuarial valuation. In between valuations, the actuary provides an estimated update of the Scheme's financial position. The results of the most recent valuation as at 30 June 2021 are shown in the table below, along with the updates as at 2022 and 2023.

	30 June 2023 (annual update)	30 June 2022 (annual update)	30 June 2021 (valuation)
 Market value of assets	£1,892m	£2,414m	£2,932m
 Amount needed to provide benefits	£1,844m	£2,312m	£2,865m
 Surplus	£48m	£102m	£67m
 Funding level	103%	104%	102%

The funding level is estimated to have increased to 103% from 102% over the two-year period since the actuarial valuation as at 30 June 2021. The main factors contributing to this change are:



The Scheme's liabilities have reduced significantly due to changes in market conditions, notably the material increases in gilt yields.



Since the Scheme's assets are, broadly, well matched with the liabilities, the Scheme's assets have also reduced significantly, again due largely to the increases in gilt yields.



The next valuation will have an effective date of 30 June 2024. The target for completion of this valuation is 30 September 2025.

How is my pension paid for?

The assets of the Scheme are held in a common fund which is used to pay pensions and other benefits to members as they are due. They are not held in separate accounts for each individual.



How is the amount the Scheme needs worked out?

The Trustees agree to a funding plan with the Company which aims to make sure there is enough money in the Scheme to pay for pensions now and in the future. The amount of money that the Company pays into the Scheme may go up or down following actuarial valuations.

When calculating the amount needed to provide benefits, the actuary has to make prudent assumptions about what might happen in the future. These include how long members will live, what inflation might be and what investment returns the Scheme can expect. Together, the Trustees and the Company agree on what these assumptions should be.

The importance of the Company's support

The success of the Scheme relies on the Company continuing to support it because:



the Company will be paying the future expenses of running the Scheme each year



the funding level can fluctuate and when there is a funding deficit, the Company will usually need to put in more money



if the target funding level is insufficient, the Company will need to put in more money.

The solvency position

If the Scheme had started to wind up (full solvency) at 30 June 2021, it is estimated that the assets available would have been sufficient to secure 100% of benefits for members of the Final Salary section (compared with 90% as at the 2018 valuation).

Why does the funding plan not call for full solvency at all times?

The full solvency position assumes that benefits will be secured by buying insurance policies. Insurers are obliged to take a very cautious view of the future and need to make a profit. The cost of securing pensions in this way also includes future administration expenses.

By contrast, our funding plan assumes that the Company will continue in business and support the Scheme.

Payments to the Company

There have not been any payments to the Company out of Scheme funds since the last summary funding statement was issued.



Money Purchase section

The Money Purchase section was closed to future contributions on 30 June 2020, and active members were offered membership of the Standard Life Master Trust.

If you are a deferred member of the Money Purchase section, you can choose how your savings are invested. You can use the Retirement Pathway, where your savings are managed for you, or you can use the Self-Select funds, where you take an active role in managing your investments.

You can find out more about the available investment funds on the Scheme website.

If you want to change your investments, you can do this by completing an Investment Option form which is available from the Scheme administrator or the Scheme website. It is free to make changes up to three times a year.



Retirement Pathway Funds

Performance (gross) for the year to 31 December 2023 (%)

Aon Managed Retirement Pathway Fund	Portfolio	Benchmark	Relative
Perpetual	7.5	7.2	0.3
2016-2018	7.8	7.8	0.0
2019-2021	8.0	8.3	-0.3
2022-2024	8.3	8.7	-0.4
2025-2027	8.7	9.6	-0.9
2028-2030	9.0	10.4	-1.4
2031-2033	9.3	11.2	-1.9
2034-2036	9.7	12.7	-3.0
2037-2039	10.0	14.1	-4.1
2040-2042, 2043-2045, 2046-2048	10.0	14.2	-4.2
Aon Managed Retirement Pathway to Annuity			
2025-2027*	8.4	8.0	0.4
2028-2030**	8.9	10.4	-1.5
Aon Managed Retirement Pathway to Cash			
2019-2021	4.7	4.6	0.1
2025-2027*	6.9	8.2	-1.3

Source: Aegon, Aon Investments Limited. Returns are shown gross of fees and will be reduced by the AMC paid by members. Inception date for majority of funds is 31 May 2015, except funds marked with* which launched 29 June 2019 and funds marked ** which launched 30 June 2022.

For funds with a target date after 2039, performance is shown for the 2040-2042 Fund through to the 2067-2069 Fund.

Self-Select funds

Performance (gross) for the year to 31 December 2023 (%)

	Portfolio	Benchmark	Relative
Global Equity	10.7	15.3	-4.6
Active Global Equity	14.7	16.8	-2.1
Global Impact Fund	10.4	16.8	-6.4
Property & Infrastructure	2.9	1.7	1.2
Passive Corporate Bond	8.8	8.6	0.2
Diversified Asset	8.1	4.6	3.5
Long-term inflation linked	0.1	0.2	-0.1
Liquidity	4.7	4.6	0.1
BlackRock UK Equity Index	6.6	7.9	-1.3

Source: Aegon, Aon Investments Limited. Returns are shown gross of fees and will be reduced by the AMC paid by members. Inception date: Aon Managed Funds 31/12/2014, Aegon BlackRock UK Equity Index Fund 31/10/2009, Aon Managed Global Impact Fund 31/10/2020.

Please remember that past performance is not a guide to future returns and the value of your investments and income from them can fluctuate and is not guaranteed.

You can read more about the performance of the funds in the Money Purchase section in the document '2023 DC Fund Performance Commentary', which you can find in the members' area of the Pearl website under Money Purchase Investment Information.

Running the Scheme

The Scheme is managed by a corporate trustee called P.A.T. (Pensions) Limited. There are seven Trustee Directors, four of whom are appointed by the Company, including an independent chair, and three who are nominated by the members of the Scheme.

Your Trustee Directors

Keith Jones, Chair (independent)

Graham Felston*

Max Mauchline*

Chris Munro*

Gary Welsh

Lesley Williams

Quentin Zentner

*Nominated by members

Secretary to the Trustees

Clare Wilson, First Actuarial LLP

Advisers to the Scheme

The Trustees have appointed the following professional advisers to the help run the Scheme.

Actuary

Neil Wearing FIA, WTW

Auditor

RSM UK Audit LLP

Investment adviser

Aon Investments Limited

Bank

HSBC Bank plc

Main legal adviser

Reed Smith LLP

Principal employer

Pearl Life Holdings Limited
(as of 27 October 2023)
(formerly Pearl Group Holdings
(No 2) Limited)

Get in touch

If you have any questions about the Scheme or your benefits, please contact the Scheme administrator.



Call us:

01733 447620



Email us:

pearl@firstactuarial.co.uk



Write to us:

Pearl Group Staff Pension Scheme
First Actuarial LLP
First House
Minerva Business Park
Lynch Wood
Peterborough PE2 6FT



Scheme website:

www.pearlstaffpensionscheme.co.uk

Please let us know!



Remember to tell us if you move house or your personal circumstances change, so that we can keep in touch with you and pay your benefits when they are due.