fives

Landis Grinding Systems Pension Fund

Annual Review

2022

The newsletter that keeps Plan members up to date

February 2023

INSIDE...

Welcome

Welcome to the 2022 *Annual Review*, the newsletter for members of the Landis Grinding Systems Pension Fund.

With the cost-of-living crisis, the invasion of Ukraine by Russia almost one year ago, and the continuing effects of the Covid-19 crisis, 2022 was certainly a challenging year economically. Please rest assured that the Trustees are monitoring the situation closely with our advisers. Looking ahead, we hope that the new year provides much more stability and normality for our Plan members.

The Trustees have been keeping a close eye on the potential impact of these world events on the Plan's funding position. You can see the results of the actuary's latest funding update, as at 5 April 2022, on pages 4 and 5.

If you have any comments or would like to see more on a particular topic in a future issue, please get in touch using the contact details on the back page.

At a glance...

AS AT 5 APRIL 2022, THE PLAN'S ASSETS WERE WORTH:
£43 million

THE PLAN HAS
263 members

DURING THE YEAR, THE PLAN PAID BENEFITS TO MEMBERS TOTALLING
£1.2 million

Money in, money out

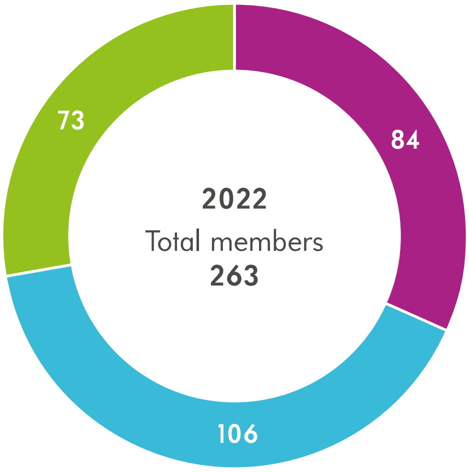
The information on this page is a summary taken from the Trustees' full Report and Accounts for the year to 5 April 2022, which have been independently audited by Nortons Assurance Ltd. If you would like to see a copy of the full report, you can request one from the Plan administrator, or find it on the member website.

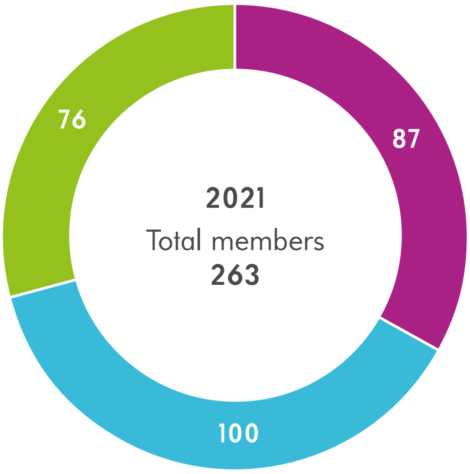
	£'000
Value of the Plan at the start of the year	**41,969**
Money in, less money out	(586)
Net return on investments	1,912
Value of the Plan at the end of the year	**43,295**

	£'000
Money in	
Employer contributions	1,356
Other income	1
Total	**1,357**
Money out	
Benefits paid	1,187
Transfers and refunds to leavers	454
Administration expenses	302
Total	**1,943**

Our membership

The charts show the membership of the Plan for the year to 5 April 2022, compared with the previous year. The Plan no longer has any active members since it closed to future accrual in November 2013.





Investment update

The Trustees are responsible for setting the investment strategy for the Plan, which they do after taking advice from their investment adviser. The investment policy is formally set out in a document called the Statement of Investment Principles (SIP). The Trustees delegate the day-to-day management of the Plan's investments to the Fiduciary investment manager, Aon Solutions UK Ltd, who act in line with the policies in the SIP.

A new law requires the Trustees to make an annual 'Implementation Statement' available to members. It shows how the Trustees have fulfilled their investment responsibilities and includes details of any changes to, or deviations from, the SIP. It also describes the voting behaviour by the individual investment managers during the year.

Asset allocation

The Trustees have allocated 60% of the Plan's assets to return-seeking investments (growth assets), with the remaining 40% allocated to liability-matching investments (liability-hedging assets). The chart shows a breakdown of the Plan's growth assets as at 30 November 2022:

Equities: 32.4%
Property: 9.1%
Alternatives: 26.0%
Return-seeking credit: 19.4%
Cash and Sovereign bonds: 13.1%

Investment performance

The table shows the Plan's investment performance over the one, three and five-year periods to 30 November 2022. Performance is measured against the Trustees' objective, which is a portfolio of assets (the Liability Benchmark Portfolio) that broadly represent the Plan's liabilities. The Trustees' target (invested with Schroders Solutions) is to outperform the benchmark by 2.6% each year.

	One year %	Three years % p.a.	Five years % p.a.
Growth assets	**-5.7**	**2.6**	**4.1**
Benchmark	*4.3*	*3.6*	*5.7*
Total Plan performance	**-46.9**	**-11.8**	**-5.0**
Benchmark	*-34.9*	*-7.4*	*-1.4*

Find out more about our investments

If you would like to know more about the Plan's investment strategy, you can find a copy of both the SIP and the Implementation Statement at **https://bit.ly/TheLandisGrindingSystemsPensionFundWebsite**

Summary Funding Statement 2022

Every three years, the Trustees must carry out a full valuation (also known as an actuarial valuation) to assess the Plan's funding in detail, with interim update reports being carried out in the years between full valuations.

The most recent actuarial valuation of the Plan took place as at 5 April 2020. The table below compares the results of the 2020 valuation and the 2021 update with the latest update, which was carried out as at 5 April 2022.

	Update 5 April 2022	Update 5 April 2021	Valuation 5 April 2020
Assets	£43.3m	£42.0m	£38.0m
Amount needed to provide benefits	£53.0m	£56.8m	£59.9m
Shortfall	£9.7m	£14.8m	£21.9m
Funding level	82%	74%	63%

The next actuarial valuation will be carried out as at 5 April 2023, the results of which are expected to be published in the next *Annual Review*.

Change in the funding position

The funding position over the year to 5 April 2022 had improved, with the deficit in the Plan reducing from £14.8 million to £9.7 million.

The primary reasons for the improvement in the funding position during this period were:

- Deficit contributions from the Employer
- Increases in asset values
- Higher yields (interest rates) on government bonds, which reduced the value of the liabilities
- Lower than expected actual inflation over the period.

This was offset to some extent by expectations of future higher levels of inflation, which increased the liabilities.

The Trustees monitor the funding position of the Plan on a quarterly basis and since April 2022, funding levels have been volatile. During September 2022, there was extreme volatility in markets caused by the UK Government's spending plans and the Bank of England was required to step in to restore calm. The quarterly update as at 30 September indicated that the shortfall had increased again.

How will the shortfall be removed?

The Company has agreed to pay monthly cash amounts to the Plan of £183,333 from July 2021 until June 2024. This reduced contribution took into account the Covid-19 weakened Employer covenant.

However, from July 2024, the Company has agreed to pay monthly cash amounts to the Plan of £125,000, increasing by 3% each year, until August 2032. These contributions are expected to eliminate the shortfall in the Plan by August 2032.

The Plan's funding position continues to be monitored and the Recovery Plan will be reviewed following the next valuation which will be carried out this year.

How does the Plan work?

Fives Landis Limited pays contributions to the Plan so that it can pay pensions to members when they retire. Active members ceased to pay contributions from November 2013, when the Plan closed to future accrual. The money to pay for members' pensions is held in a single fund, not in separate funds for each individual.

How is the amount the Plan needs worked out?

The Actuary and the Trustees estimate how much money we need in the Plan to pay all members' benefits that have already been earned as they fall due. This assumes the Plan continues into the future on an ongoing basis, so it is known as the 'ongoing' valuation and is the basis used for the figures shown in the table above.

In order to calculate these figures, the Actuary must make certain assumptions, such as how long people will live (and draw benefits from the Plan), what future inflation will be, and what future returns the Plan can expect on its investments.

The importance of the Company's support

The Trustees' objective is to have enough money in the Plan to pay for pensions now and in the future. However, the success of this relies on Fives Landis continuing to support the Plan because:

- the funding level can fluctuate and if there is a shortfall, the Company will usually need to put in more money
- the target funding level may turn out not to be enough; in which case, the Company would need to put in more money if/when the Plan terminates.

What would happen if the Plan were to be wound up?

Winding up is the process of terminating a pension plan, usually by using the Plan's assets to buy insurance policies or by transferring the Plan's assets and liabilities to another pension scheme. Fives Landis Limited has no intention to wind up the Plan, but we are required by law to include this information.

While the Plan remains ongoing, benefits will continue to be paid in full. This will occur even though funding may temporarily be below target. However, if the Plan were to wind up, you may not get the full amount of pension you have built up, even if the Plan is fully funded on an ongoing basis.

The estimated amount needed to ensure that all members' benefits could be paid in full in the event of winding up as at 5 April 2020 was £89.7 million, less an asset value of £38.0 million. This means there was a shortfall on the full solvency basis of £51.7 million, which is equal to a funding level of 42%.

If the Plan were to start to wind up, Fives Landis Limited would be required to pay enough into the Plan to enable members' benefits to be completely secured with an insurance company. It may be, however, that the Company would not be able to pay this amount in full. If Fives Landis Limited became insolvent and there were insufficient assets to secure members' pensions in full, the Pension Protection Fund (PPF) might be able to take over the Plan and pay compensation to members. Further information and guidance are available at **www.ppf.co.uk**

Why isn't the Plan funded 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 incorporates the future costs of administration.

This approach would require substantially higher contributions from Fives Landis Limited, which could affect the Company's future prospects and the financial viability of the Plan. By contrast, our current funding arrangements assume that Fives Landis Limited will continue in business and support the Plan.

Is there anything else I need to know?

We are required to inform you that Fives Landis Limited has not taken any money out of the Plan in the last 12 months. We are happy to confirm this.

If you are thinking of leaving the Plan for any reason, we suggest you consider consulting a professional adviser, such as an independent financial adviser before taking any action.

Additional documents available on request

The Statement of Funding Principles – sets out the Plan's funding plan.

The Recovery Plan – explains how the funding shortfall is being made up.

The Statement of Investment Principles – explains how the Trustees invest the money paid into the Plan.

The Schedule of Contributions – shows how much money is being paid into the Plan.

The Annual Report and Accounts of the Plan – shows the Plan's income and expenditure in the year up to 5 April 2021.

The Actuarial Valuation of the Plan – the full report on the Plan's funding position as at 5 April 2020.

The Actuarial Update Report of the Plan – the update of the Plan's funding situation as at 5 April 2021 and 5 April 2022.

The Member Booklet – a guide to your membership and benefits. It is available on the member intranet or from the Plan secretary.

Plan noticeboard

Appointment of a new fiduciary investment manager

We're pleased to confirm the appointment of Aon Solutions UK Ltd as the Plan's new fiduciary investment manager following a market review. Their role as investment experts is to advise the Trustees and implement an investment strategy that aims to meet the Plan's financial objectives.

Pensions dashboard gaining momentum

Some major changes are underway in the world of pensions with the launch of pensions dashboard. There will be a staged onboarding process for pension schemes beginning in spring/summer 2023 and the Trustees will let you know when your Plan will join the dashboard.

The dashboard aims to provide a single point of reference for members to view information about their pension savings, as well as potentially offer a means of reuniting people with their lost pension pots. Enabling members to understand their estimated retirement income for all of their pensions, including information about the state pension, will support better planning and improve financial wellbeing.

In the know – state pension age rising to 67

The state pension age is set to rise from 66 to 67 by 2028, with a further rise to 68 planned by 2039. However, it has been suggested by the media that the increase to 68 could be brought forward to as early as 2033.

This may have a knock-on effect on the normal minimum pension age (NMPA), which tracks the state pension age at 10 years younger. The NMPA is also due to increase to 57 from 2028.

Value of lost pension pots soars by £7bn in four years

A study carried out by the Pension Policy Institute has revealed that the total value of lost pension pots has now reached £26.6bn, with over three million pots not currently matched to their owner. The £7bn rise indicates an increase of 37% since 2018.

On average, a lost pension pot is worth £9,470, which could make a substantial difference to your golden years.

Lost pension pots often occur as people tend to forget about funds they have built as they change jobs or move house. Studies show that only one in 25 people remember to tell their pension provider they have moved house, whereas around 89% remember to tell their GP or dentist.

If you think you may have lost a pension pot over the years, the Pension Tracing Service is a free government service that searches a database of more than 200,000 workplace and personal pension schemes to try and find the information you need. You can phone the service directly on 0800 731 0193, or search pension tracing on the **GOV.uk** website.

The Pensions Regulator's (TPR) single code of practice

The TPR is the public body that protects workplace pensions in the UK. Their main objective is to work with employers and those running pension schemes so that people can save safely for retirement. TPR consulted in 2021 on a new single code of practice, aimed at bringing consistency and clarity to the various existing codes of practice which support pension scheme governance. The single code of practice is due to be implemented early this year.

Acquisition of Premier by Isio

The Plan's administrator Premier, was acquired by Isio Group in early 2022. The day-to-day delivery of administration for the Plan has not been impacted by this change and the administration team will continue to operate under the Premier branding.

Therefore, all the contact details for the administration team will remain as before and these are detailed on the back page.

With pension scams on the rise, keep an eye out for warning signs...

It's easy to become a victim of a pension scam, so it's important that you can spot the warning signs before the damage is done.

The amount people lose has no limit and unfortunately some victims have lost as much as £500,000, significantly denting their life savings. Usually once that money has gone, it's gone for good.

Luckily, there are a few common warning signs you can look out for to ensure the future you deserve is protected.

- Did you know that cold calling about pensions is illegal? Any unprompted phone call about your pension is an immediate red flag.
- High-pressure sales tactics or time limited offers are usually a sign that things are not what they seem.
- Attempts to persuade you to transfer your balance for attractive sounding promises should always be treated with extreme caution. Scammers can be very articulate and financially knowledgeable – don't be fooled!
- Unusual, high-risk investments are also a warning sign. They tend to be based overseas, unregulated, and with no consumer protections.

If you request a transfer value and the value is more than £30,000, you are required by law to seek independent financial advice should you wish to go ahead and transfer your benefits to another arrangement. The administration team will carry out thorough checks before proceeding, but as scammers are becoming increasingly smart it's important you're aware of the warning signs.

Don't let a scammer enjoy your retirement – remain vigilant and protect your future.

Please visit the FCA's website for more information about pension scams and how to avoid them at **www.fca.org.uk/scamsmart**

Running the Plan

The Trustees are responsible for running the Plan on behalf of members. They are assisted by the Plan's professional advisers.

Your Trustees

BESTrustees Limited, represented by Ann Rigby
Tony Howarth (Member nominated)
Philip Snowden (Company appointed)

Advisers to the Trustees

Administration
Premier

Actuary
David Jarman, Isio

Plan secretary
Jay Solanki, Isio

Fiduciary investment manager
Aon Solutions UK Ltd

Auditor
Nortons Assurance Ltd

Legal adviser
Field Fisher

Bank
Virgin Money

Get in touch

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

Call us: 0800 122 3200

Email us: landis@premiercompanies.co.uk

https://www.yourpremier.co.uk/all-forms
You can use this website provided by Premier to download a selection of standard administration forms.

Plan website

The Trustees have a Plan website available where key Plan-specific documents can be found at: **https://landis.yourpremier.co.uk**

Company intranet
If you are an employed deferred member, you can find more information about the Plan on the Company intranet.

To contact the Trustees
If you would like to get in touch with the Trustees, or you have any comments about this newsletter, please contact the Secretary to the Plan, Jay Solanki: **Jay.Solanki@isio.com**

Do you have new contact details?

Please let us know if you have changed your contact details so that we can keep in touch with you about the Plan and pay your benefits when they are due.

Tell us your wishes

One of the hardest issues the Trustees face is deciding how to pay benefits that are due when a member dies without an up-to-date expression of wish form. A recent expression of wish form helps us pay benefits without additional delay or distress to your family.

Please make sure you keep your expression of wish form updated, particularly if your situation is complicated, or if there are any changes, such as getting married or divorced, entering or leaving a civil partnership, or having a child. You can update your expression of wish at any time by contacting Premier.

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Designed and produced by Wordshop
Our environmental and data protection policies can be seen online.
www.wordshop.co.uk

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