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Landis Grinding Systems Pension Fund

Annual Review

2020

The newsletter that keeps Plan members up to date

INSIDE...

Welcome

Welcome to the 2020 Annual Review, the newsletter for members of the Landis Grinding Systems Pension Fund.

Following the outbreak of Covid-19 in the UK and around the world, it is safe to say that 2020 has not been a normal year for anyone. We have all found ourselves in unusual and challenging times, and we hope that our members are staying safe and well.

Despite the challenges of the pandemic, the Plan business has continued, and pensions have been paid to our members as usual. You can read more about the Plan's response on page 4.

As the country went into lockdown at the end of March, this coincided with the year-end for the Plan and the latest full actuarial valuation looking at the Plan's financial position as at 5 April 2020, which is currently in progress. This is a complex process, and the results will not be available for some time, so there is no Summary Funding Statement in this Annual Review. However, you can read more about what the valuation involves on page 6.

We hope you enjoy reading this newsletter and find it useful and informative. If you have any comments or would like to read more about a particular topic in a future issue, please get in touch with us using the contact details on page 7.

At a glance...

AS AT 5 APRIL 2020, THE PLAN WAS WORTH

£37.9 million

THE PLAN HAS

266

MEMBERS

DURING THE YEAR, THE PLAN PAID BENEFITS TO MEMBERS TOTALLING

£1.5 million

Money in and money out

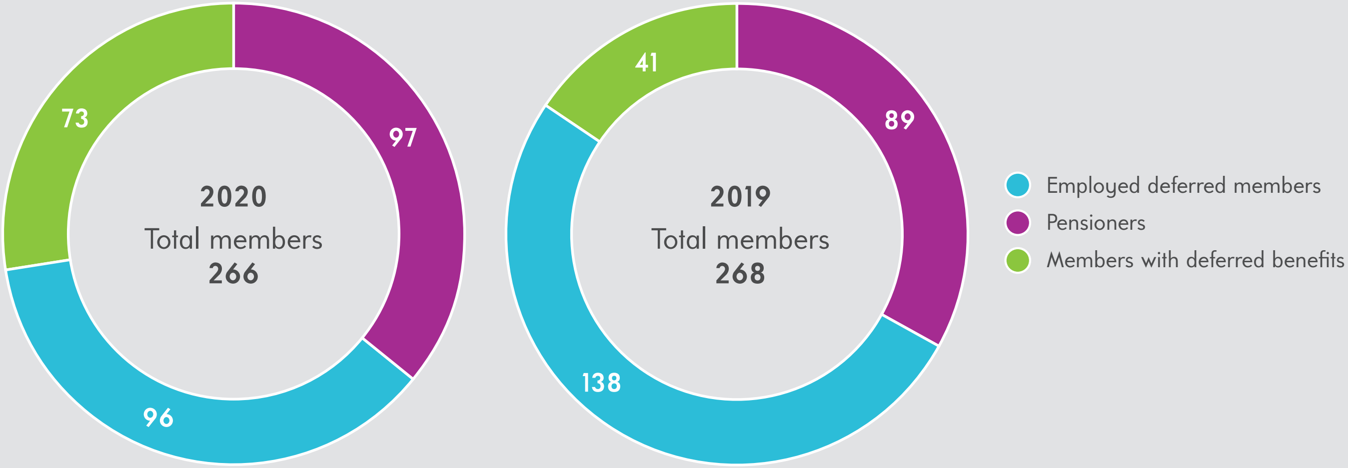
The following tables show the Plan's financial transactions for the year to 5 April 2020. It is a summary taken from the Trustees' full Report and Accounts for the Plan, which have been independently audited by Nortons Assurance Ltd. If you would like to see a copy of the full Report and Accounts, you can request one from the Plan administrator or find it on the Company intranet.

	£'000
Value of the Plan at the start of the year	**37,518**
Money in less money out	(290)
Net return on investments	763
Value of the Plan at the end of the year	**37,991**

	£'000
Money in	
Employer contributions	1,665
Other income	3
Total	**1,668**
Money out	
Benefits paid	1,471
Transfers and refunds to leavers	220
Administration expenses	267
Total	**1,958**

Our membership

The charts show the membership of the Plan for the year to 5 April 2020, 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 appointed investment advisers. They then delegate the day-to-day management of the investments to the Fiduciary Manager, River & Mercantile Solutions. The arrangement with River & Mercantile Solutions allows the Trustees to retain ownership of the Plan's investment strategy and focus on important strategic decisions, such as the target proportions of the Plan to be invested in principal market sectors, while the day-to-day tasks are carried out by River & Mercantile Solutions.

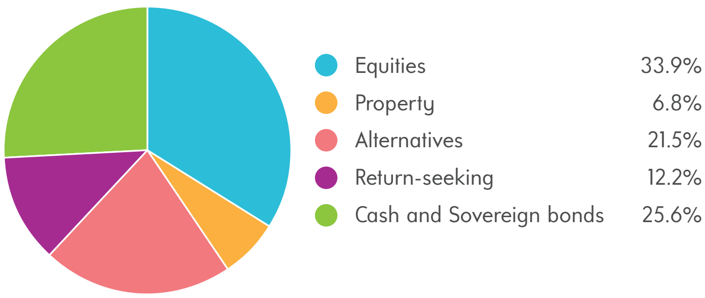
Investment principles

The Trustees have produced a Statement of Investment Principles (SIP) which is the formal document that describes the Plan's investment strategy. If you would like to see a copy of the SIP, you can find it online at **http://bit.ly/TheLandisGrindingSystemsPensionFundWebsite**

Asset allocation

The Plan's assets are split between the Investment Fund (85%) and the Matching Fund (15%). The Investment Fund is expected to deliver long-term growth which is greater than the increase in the Plan's liabilities, while the Matching Fund is designed to move in line with the rise and fall in the value of the liabilities, providing some protection for the Plan's funding level.

Allocation of assets in the Investment Fund at 5 April 2020



Investment performance

The table shows the Plan's investment performance over the one, three and five-year periods to 5 April 2020, compared with the Trustees' objective. Performance is measured against a portfolio of assets, the Liability Benchmark Portfolio, which broadly represents the Plan's liabilities. The Trustees' objective is to outperform the Liability Benchmark Portfolio by 2.55% each year.

	One year %	Three years % p.a.	Five years % p.a.
Investment Fund	-7.3	-1.1	2.2
Objective	3.8	3.7	3.6
Total Plan performance	1.1	2.7	7.3
Objective	8.0	6.4	8.4

Plan noticeboard

Covid-19 update

There has been a lot of media coverage about the impact of the virus on the global financial markets, which is the key reason the Plan performance is behind the set objective over one and three years. The Trustees are aiming to deliver performance in line with or in excess of the objective over the longer term, and the previous page shows that performance over the five-year period is much closer to the objective. However, please be assured that:

- your pension will be paid as normal
- your benefits remain unchanged.

As you know, the Landis Grinding Systems Pension Fund is a defined benefit pension plan, which means that your pension benefits are not sensitive to movements in the financial markets but are defined by the Plan's Trust Deed and Rules. The Plan's funding level relies on a carefully managed and well-diversified asset portfolio which allows for volatility in the financial markets. The Trustees continue to keep a close eye on the Plan's investments in consultation with their investment advisers.

When the UK first went into lockdown, the Trustees and their professional advisers moved quickly to address the impact of the pandemic on the Plan and our members. They successfully transitioned to working from home and one of the key priorities was to ensure that pensions and other benefits continued to be paid on time.

If you have any queries about your benefits, please contact the Plan administrator, Premier Pensions, using the details on page 7.

If you are a deferred member, we urge you not to make hasty decisions at this time. If you are thinking of transferring your benefits out of the Plan for any reason, please make sure that you take independent financial advice before taking any action, especially in response to recent events.

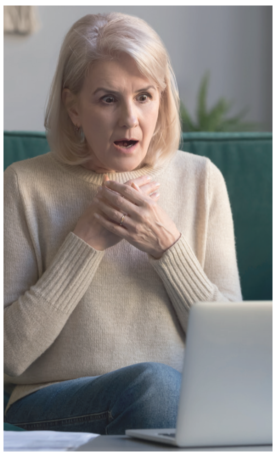
Scam alert!

A major event like the coronavirus crisis can lead to new types of financial scams. With this in mind, we urge you to be vigilant for scams of all kinds that could appear over the coming months. These could be about insurance policies, pension transfers or high-return investment opportunities, including investments in crypto-assets.

Scammers are sophisticated, opportunistic and will try to get personal details or money from victims in many ways. They tend to target people who are feeling vulnerable, particularly in the current climate.

Could you spot a pension scam?

Pension scams can be hard to spot but their effects are devastating, with many people losing their life savings. While promising high returns and low risk, in reality, pension scams can leave you with nothing. In addition, you could then face a high tax bill from HM Revenue and Customs if you withdraw your savings before age 55.



Scams often involve unusual, high-risk investments like overseas property, renewable energy bonds, forestry, parking or storage units. If it sounds too good to be true, it probably is. Anyone can be a victim of a pension scam, no matter how sharp-witted you think you are.

Things to watch out for:

- Unexpected contact – cold-calling about pensions is illegal, so just hang up. Similarly, ignore unexpected emails and text messages
- Time pressure – time-limited offers such as bonuses or discounts
- Social proof – fake reviews
- Unrealistic returns – it sounds too good to be true
- False authority – claiming to be regulated
- Flattery – being friendly with you to lull you into a false sense of security.

For more information about pension scams and how to avoid them, go to **www.fca.org.uk/scamsmart**

A reminder about tax allowances

The Lifetime Allowance is the maximum amount of pension savings you can have at retirement from all pension schemes without incurring an additional tax charge. It increases annually in line with inflation as measured by the Consumer Prices Index. From April 2020, it is £1,073,100 for the 2020/21 tax year.

The Annual Allowance (AA) is the limit on the amount of tax-free pension contributions you can make in a year. The standard AA is currently set at £40,000. For DC savings, this covers the contributions made, while for DB savings like those in the Plan, it is the increase in the value of your pension benefits over the year, in excess of inflation. If you have both DC and DB savings, you will need to add these together.

However, for high earners, a change was introduced in April 2020 to the earnings threshold. If your total income is over £240,000, your AA will be reduced by a tapered amount of £1 for every £2 of income over the threshold and could be as low as £4,000. Your AA is based on all your income for the year, not just your current salary, so you will need to work it out.

Rise in State pension age – mind the gap!

The government is gradually increasing the State pension age. It is currently age 66, with a rise to age 67 due to take place between 2026 and 2028.

A further increase to age 68 is planned between 2037 and 2039, seven years earlier than originally intended. It will affect people born between 6 April 1970 and 5 April 1978, currently those aged between 42 and 50.

As a result, your State pension age may not be the same as your normal retirement age from the Plan. This could mean there will be a gap in your retirement income between taking your Plan pension and receiving your State pension. You can check your State pension age at **www.gov.uk/state-pension-age**

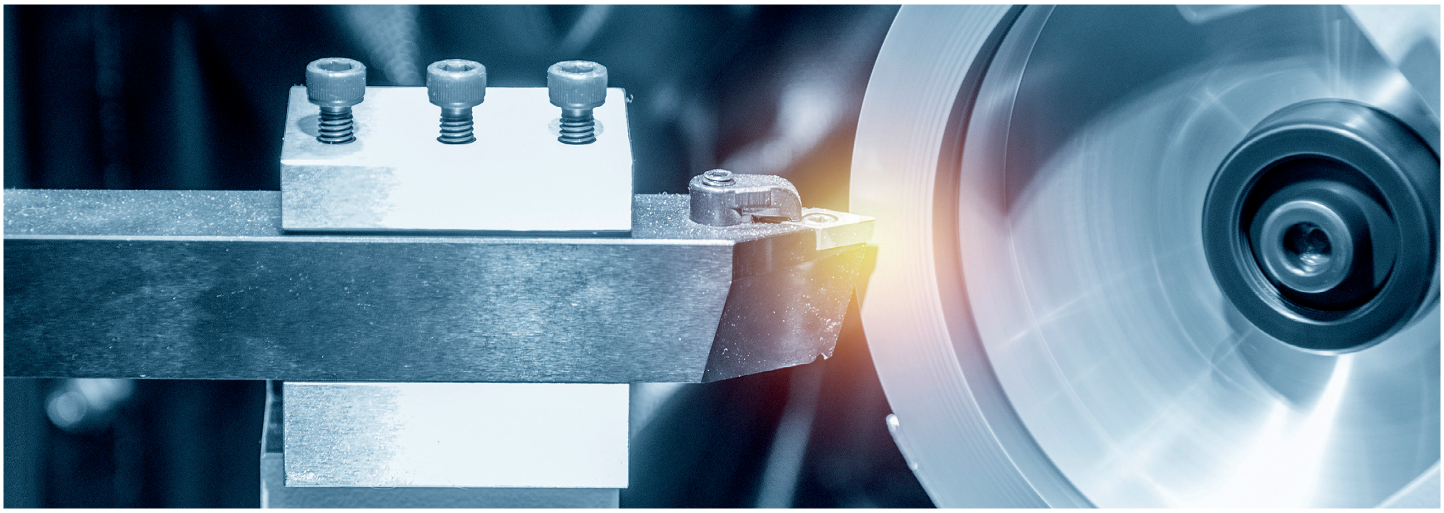
You can also find out how much State pension you might be entitled to by getting a forecast of your State pension at **www.gov.uk/check-state-pension**

Update on GMP equalisation

In last year's Annual Review, we told you about a High Court ruling on Guaranteed Minimum Pensions, commonly called GMPs. GMPs were accrued at different rates for men and women and were payable at different ages, reflecting the State pension age for men and women at the time. It may affect you if you were an active member of the Plan between 17 May 1990 and 5 April 1997.

The guidelines that we have been waiting for on how GMPs should be equalised have now been released, and we are working with our advisers on the complex process of checking and adjusting benefits. This is likely to take at least a further 18 months to complete. Please be assured that no one's benefits will decrease, but some men and women may have a small uplift to their pension.

You do not need to take any action as we will contact you if this affects you.



Putting a value on the Plan

Every three years, the Plan Actuary carries out an actuarial valuation which is a detailed analysis of the Plan's finances. The latest valuation of our Plan is currently in progress, looking at the position as at 5 April 2020. This is a complex process and the results will not be known for some time, so we will bring you a report in next year's Annual Review.

What's involved in the valuation?

The Actuary needs to work out the amount of money the Plan will need to pay all the benefits promised to members both now and in the future (known as the liabilities) and compare this amount with the value of the Plan's assets. The percentage of the liabilities that can be covered by the assets is known as the funding level. This will either be a surplus (over 100%) or a shortfall (under 100%).

The valuation provides a detailed snapshot of the financial position of the Plan and usually takes place on a specific date, in our case 5 April. Each year, in between formal valuations, the Actuary also provides the Trustees with an update report. This is not such a detailed investigation and is an estimate of the position.

How is the amount the Plan needs worked out?

The Actuary and the Trustees estimate how much money the Plan needs to pay benefits to members as they fall due. This is called the ongoing valuation. It involves making a number of assumptions about what will happen in the future, such as how long people will live, what inflation might be, how the assets will be invested and what returns might be expected. If any of the assumptions turn out to be too low or too high, the outcome for the funding target can change. If the Plan's assets are lower than the amount needed to pay the benefits, the Company may need to make additional contributions.

Trustees and their advisers

The Trustees are responsible for running the Plan on behalf of all the members.

The current Trustees

BESTrustees Limited, represented by Ann Rigby
(Company appointed)

Philip Snowden
(Employer nominated)

Tony Howarth
(Member nominated)

Advisers to the Trustees

To help them with their duties, the Trustees have appointed the following professional advisers.

Administrator
Premier Pensions Management Ltd

Actuary
David Jarman, Premier Pensions Management Ltd

Consultant/Secretary
Premier Pensions Management Ltd

Investment adviser and Fiduciary Manager
River & Mercantile Solutions

Auditor
Nortons Assurance Ltd

Legal adviser
Field Fisher LLP

Bankers
Yorkshire Bank

To find out more….

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

Call us: 0800 122 3200

Email us: landis@premiercompanies.co.uk

Website: https://premieradministration.co.uk/downloads

You can use this website to download a selection of standard administration forms.

For employed deferred members, there is additional information about the Plan on the Company's intranet.

If you would like to contact the Trustees or have any comments about this newsletter, please get in touch via the Secretary to the Plan, Sally Clarke: **sally.clarke@premiercompanies.co.uk**

Have your contact details changed?

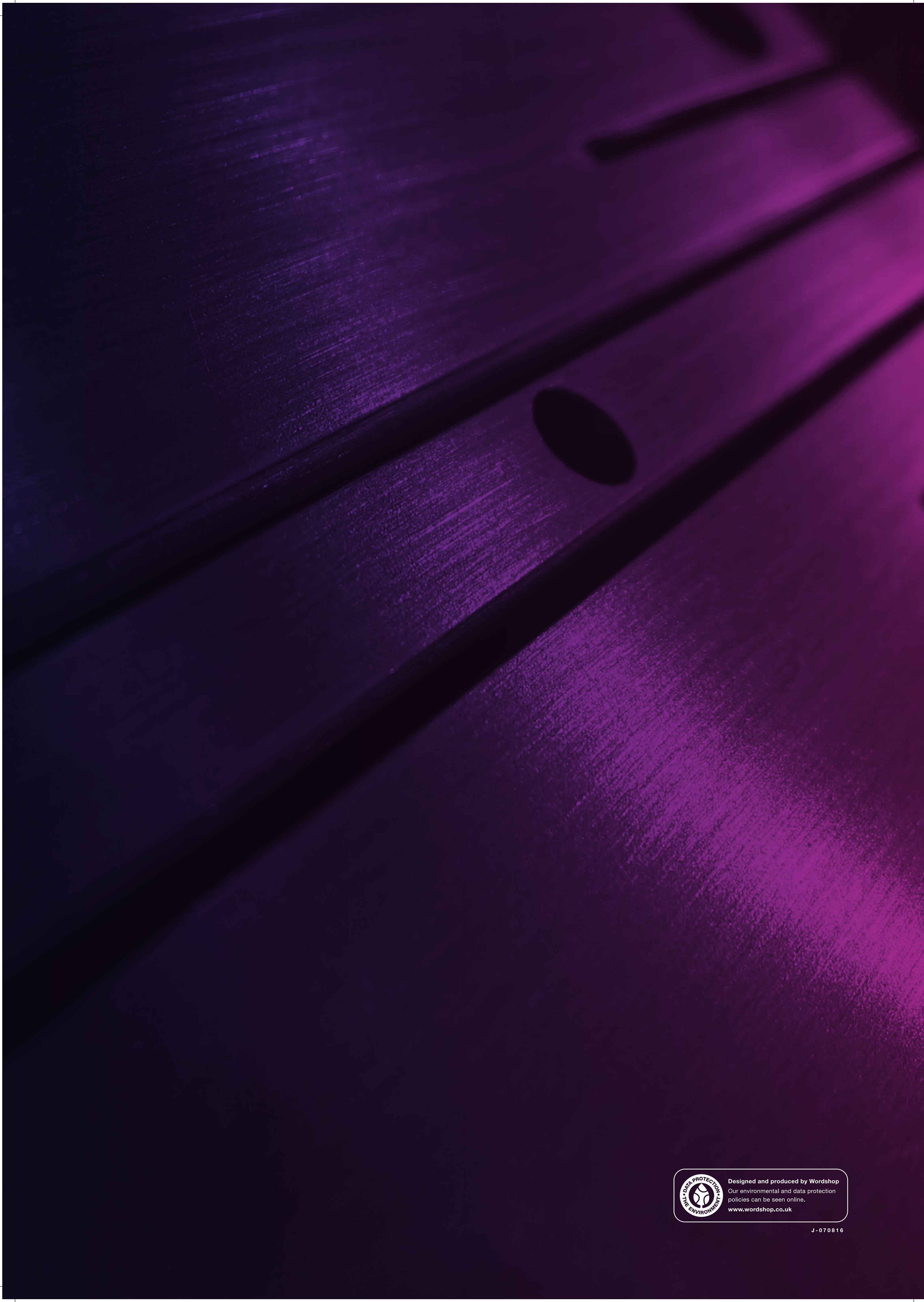
Please remember to tell us if your contact details change so that we can keep you informed of Plan news and pay your benefits when they are due.

Is your expression of wish up to date?

It's important to make sure that you remember to update your expression of wish so that it reflects your current circumstances, such as if you get married or divorced, enter or leave a civil partnership, or have a child.

We keep your wishes on record so that in the event of your death, we can quickly and easily identify anyone you have nominated to receive any lump sum that may be payable.

If you would like to update your expression of wish, please contact the Plan administrator.



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www.wordshop.co.uk

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