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Landis Grinding Systems Pension Fund

Annual Review

2021 The newsletter that keeps Plan members up to date

March 2022

INSIDE...

Welcome

Welcome to the 2021 Annual Review, the newsletter for members of the Landis Grinding Systems Pension Fund.

It was another busy year, during which the Trustees, the Plan's advisers and the administrator have all adapted well to online working, and Plan business has continued as usual.

The most recent actuarial valuation of the Plan, looking at the position as at 5 April 2020, has been completed and the results agreed with the Company. Since then, the Actuary has also provided an update of the position as at 5 April 2021, and you can read the details of both the update and the full valuation in the Summary Funding Statement on pages 4 and 5.

We hope you find this newsletter useful and informative. 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 2021, THE PLAN'S ASSETS WERE WORTH

£42 million

THE PLAN HAS

263 members

DURING THE YEAR, THE PLAN PAID BENEFITS TO MEMBERS TOTALLING

£1.1 million

Money in and money out

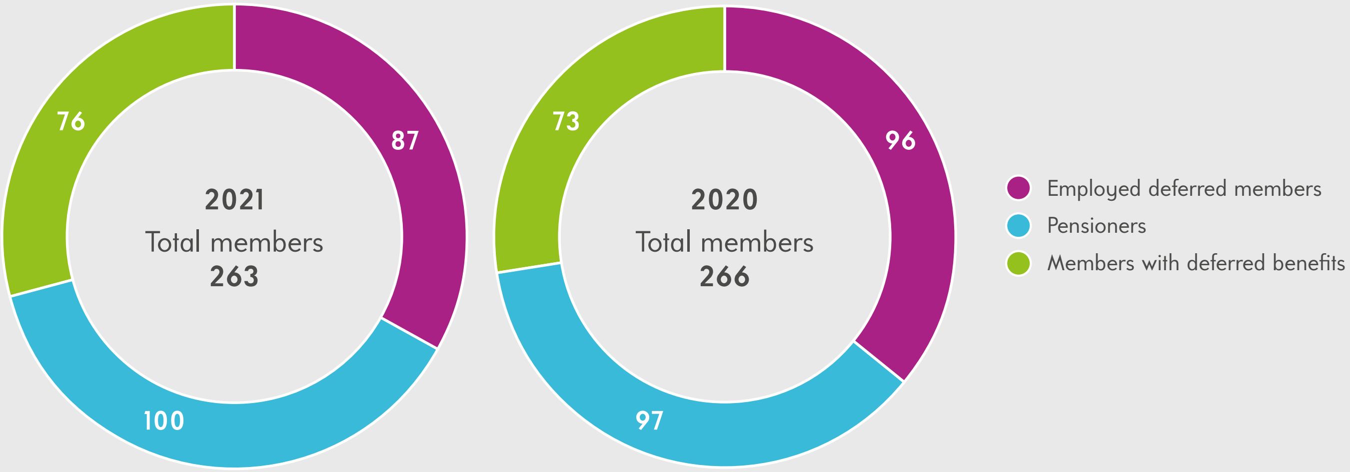
The information on this page is a summary taken from the Trustees' full Report and Accounts for the year to 5 April 2021, which have been independently audited by Nortons Assurance Ltd. If you would like to see a copy of the full report, you can request one from the Plan administrator or find it on the Company intranet.

	£'000
Value of the Plan at the start of the year	**37,991**
Money in less money out	(238)
Net return on investments	4,216
Value of the Plan at the end of the year	**41,969**

	£'000
Money in	
Employer contributions	1,721
Other income	1
Total	**1,722**
Money out	
Benefits paid	1,109
Transfers and refunds to leavers	620
Administration expenses	231
Total	**1,960**

Our membership

The charts show the membership of the Plan for the year to 5 April 2021, compared with the previous year. The Plan no longer has any active members since it closed to future accrual in November 2013.



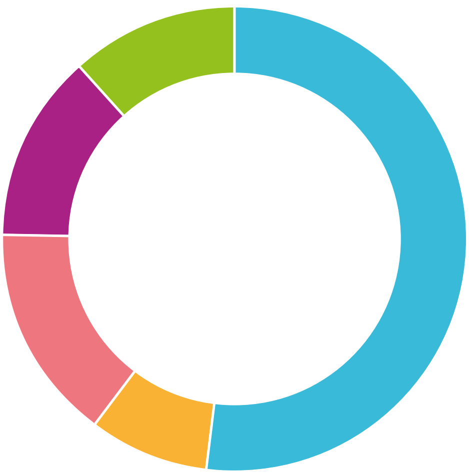
Investment update

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, River & Mercantile Solutions, 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 5 April 2021:



Equities	52.2%	Return-seeking credit	13.1%
Property	8.2%	Cash and Sovereign bonds	11.4%
Alternatives	15.1%		

Investment performance

The table shows the Plan's investment performance over the one, three and five-year periods to 5 April 2021. 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 is to outperform the benchmark by 2.55% each year.

	One year %	Three years % p.a.	Five years % p.a.
Growth assets	**21.3**	**5.1**	**6.6**
Benchmark	*3.2*	*3.6*	*3.5*
Total Plan performance	**13.6**	**6.8**	**9.6**
Benchmark	*1.9*	*5.8*	*7.9*

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 2020

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 with the previous valuation in 2017 and with the update at 2021 to show how the Plan's finances have changed during the period.

	Valuation 5 April 2017	Valuation 5 April 2020	Update 5 April 2021
Assets	£37.6m	£38.0m	£42.0m
Amount needed to provide benefits	£52.7m	£59.9m	£56.8m
Shortfall	£15.1m	£21.9m	£14.8m
Funding level	71%	63%	74%

Change in the funding position

Since the previous valuation as at 5 April 2017, the shortfall increased from £15.1 million to £21.9 million at 5 April 2020. The funding level reduced from 71% to 63%. The main reasons for the deterioration in the funding level were:

- a fall in gilt yields, which has resulted in a higher valuation of the Plan's liabilities
- changes to the Statement of Funding Principles, which reflected the weakened covenant in 2020.

It should be noted that the valuation took place at the height of the financial market volatility caused by the Covid-19 pandemic.

Since then, the Actuary has completed an update of the position as at 5 April 2021, when the shortfall had reduced to £14.8 million. The improvement in funding was primarily due to:

- positive investment performance
- increases in gilt yields
- shortfall contributions from the Company.

How will the shortfall be removed?

The Trustees have allowed for improved funding as at 31 March 2021 in setting their Recovery Plan. Between April 2020 and March 2021, the Company paid monthly contributions of £126,600, rising to £131,411 per month between April 2021 and June 2021.

The Company has also agreed to pay monthly contributions of £83,333 from July 2021 to June 2024, followed by £125,000 per month from July 2024 to 31 August 2032, increasing by 3% each April.

The Plan's funding position continues to be monitored and the Recovery Plan will be reviewed following the next valuation, which is due as at 5 April 2023.

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.

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.

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

Plan noticeboard

Watch out for scams: 22 years of pension savings gone in 24 hours

The Pensions Regulator's Scamsmart campaign has discovered that victims of pension scams could lose 22 years' worth of savings in 24 hours. Analysis shows that the average amount victims lost to scams in 2018 was £82,000 – however, the amount that people lose ranges from £1,000 to £500,000, and once the money is gone, it's usually gone for good.

In the wake of the pandemic, pension savers continue to be a target for scammers, who are ever more sophisticated in their approach and more determined. Pensions are a long-term investment and decisions don't need to be made in a hurry. Common pension scams include early pension release or pension reviews. You should:

- reject any unsolicited contact about investments
- check the Financial Conduct Authority's warning list
- avoid being rushed into making a decision
- get impartial advice.

Scammers don't just target the vulnerable, and anyone can be deceived. Not only can you lose your pension pot (benefits you've built up over a long period of time), but you'll also be landed with a significant HMRC tax bill that could be more than half your pot size. The tax for an unauthorised payment is 55%.

If you're thinking about a transfer, please take independent financial advice about your options. You can find out more about pension scams and how to avoid them from the FCA's website at **www.fca.org.uk/scamsmart**

A new pension information service

MoneyHelper, the new government service, is an easy way to get free, trusted help for your money and pension choices. It combines the services previously provided by the Money Advice Service, the Pensions Advisory Service and Pension Wise, bringing everything together in one place.

Offering free, impartial help that's quick to find and easy to use, MoneyHelper is available online or over the phone, providing clear money and pensions guidance, as well as pointers to trusted services, if you need more support.

It helps people to clear their debts, reduce spending and make the most of their income to build up savings and pensions and know their options. Go to **www.moneyhelper.org.uk**

A freeze on the Lifetime Allowance

The Lifetime Allowance, which is the maximum amount of pension savings you can have at retirement from all registered UK pension schemes without incurring an additional tax charge, has been frozen at £1,073,100 for the next five years until 2026.

Making the pledge

The Pensions Regulator is asking administrators and trustees of pension schemes to pledge to combat pension scams by following the Pension Scams Industry Group code of good practice. This includes providing regular warnings to members about scams, encouraging members asking for a transfer to take independent financial advice, carrying out checks on pension transfers and reporting suspected scams to the authorities.

Premier Pensions Management Ltd (Premier), the Plan administrator, has made the pledge to combat pension scams.

More power to protect members from scams

There are new procedures for processing pension transfers. While not all scams can be prevented, these procedures will help the Trustees and Premier to identify high risk transfers or stop potential scams. The new regulations include checks to see if transfers meet the following conditions:

- the receiving scheme is either a public service pension scheme, an authorised master trust or an authorised collective defined contribution (CDC) scheme
- if the receiving scheme is not one of the above mentioned, additional checks must be carried out to assess the level of risk and for the presence of red and amber flags.

If there are red flags, there is no statutory right to transfer, and the Trustees can stop the transfer. If there are amber flags, the member must get guidance from MoneyHelper before the transfer can go ahead.

Planning ahead – minimum pension age set to rise

The State Pension age is rising to age 67 in 2028, with a further increase planned to age 68 between 2037 and 2039. Corresponding with this rise, is an increase to the minimum age at which you can start taking benefits from a workplace or personal pension, going up from age 55 to age 57 in 2028. The minimum pension age usually tracks the State Pension age at 10 years younger.

All your pension information in one place

The Pension Schemes Act 2021 covers a wide range of issues, including the foundations for the pensions dashboard, which aims to provide a single point of reference for members to view the information about all their pension savings in one place. The first pensions dashboards are planned to be available to members in 2023.

Running the Plan

The Trustees are responsible for running the Plan on behalf of all the 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, Premier

Plan secretary
Jay Solanki, Premier

Fiduciary investment manager
River & Mercantile Solutions

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**

The website will be live from 1 April 2022.

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@premiercompanies.co.uk**

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 that the Trustees must deal with 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.

DATA PROTECTION · THE ENVIRONMENT
Designed and produced by Wordshop
Our environmental and data protection policies can be seen online.
www.wordshop.co.uk
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