fives

Landis Grinding Systems Pension Fund

Annual Review

2024 Keeping Plan members up to date

INSIDE...

December 2024

Welcome

Welcome to the 2024 *Annual Review*, the newsletter for members of the Landis Grinding Systems Pension Fund (the Plan).

After a difficult 2023, this year so far has provided some respite – inflation is back down to around 2% and interest rates, too, have started to come down.

Last year's *Annual Review* didn't include an annual Summary Funding Statement as we were about to start work on the 2023 actuarial valuation. This has now been completed, and I am pleased to report that the funding level improved from 63% to 66% over the three years since the last valuation. We have also included the results of the most recent funding check-up, looking at the position as at 5 April 2024, which showed a further slight improvement to 67%.

It's worth staying up to date on the latest pension legislation, which can affect your retirement planning. Some changes were introduced shortly before the election and some have occurred in the post-election autumn budget, which are summarised on page 6.

Finally, as we approach the end of the year, please remain alert to anyone who is after your pension savings. Pension scams continue to happen, so don't let a scammer enjoy Christmas with your retirement money. The newsletter contains some reminders on what to look out for and how the Plan administrator can help.

I hope you enjoy reading this *Annual Review* and find it useful. If you have any comments or if there are any topics you would like to know more about in a future issue, please get in touch using the details on the back page.

Money in, money out

The information on this page is a summary of the Trustees' full Report and Accounts for the year to 5 April 2024.

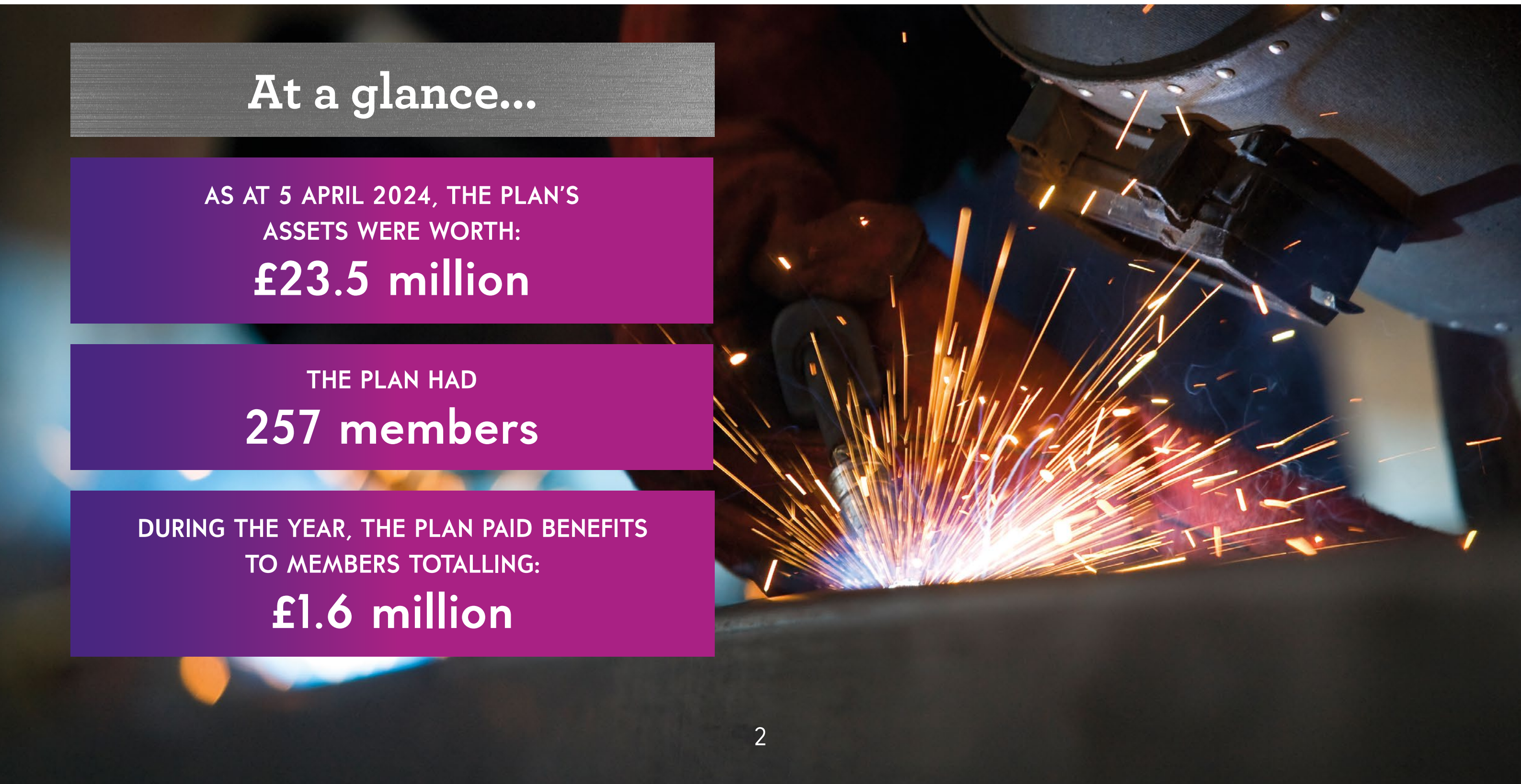
The accounts have been independently audited by Nortons Assurance Ltd. If you would like to see a copy of the full report, you can request one from the Plan administrator, or find it on the member website.

	£'000
Value of the Plan at the start of the year	**24,977**
Money in, less money out	(652)
Net return on investments*	(871)
Value of the Plan at the end of the year	**23,454**

Money in	
Employer contributions	1,215
Other income	12
Total	**1,227**

Money out	
Benefits paid	1,596
Transfers and refunds to leavers	-
Administration expenses	283
Total	**1,879**

*This includes £6k 'investment management expenses due'.



At a glance...

AS AT 5 APRIL 2024, THE PLAN'S ASSETS WERE WORTH:

£23.5 million

THE PLAN HAD

257 members

DURING THE YEAR, THE PLAN PAID BENEFITS TO MEMBERS TOTALLING:

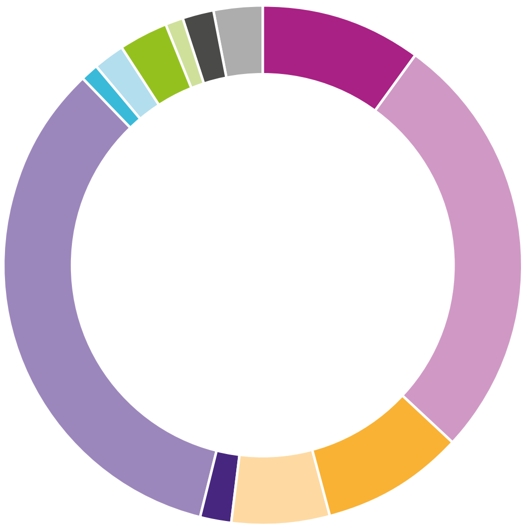
£1.6 million

Investment update

The Trustees appointed Aon as their fiduciary investment manager in August 2022. The Trustees set the investment objectives and then give Aon discretion to make day-to-day decisions about how to invest the Plan's assets.

Investment split

The chart* shows how the Plan's assets were invested on 5 April 2024.

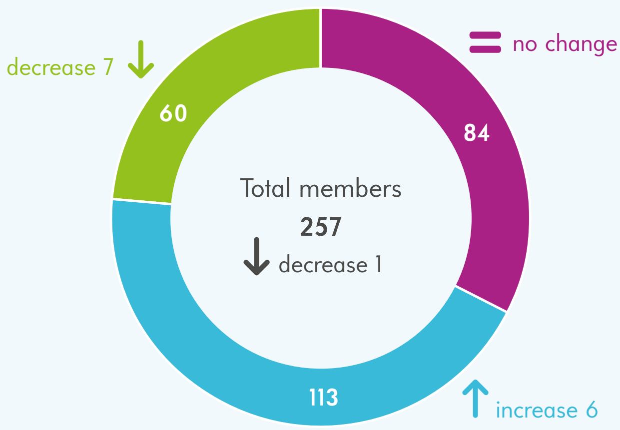


Equities	10%
Return-seeking Bonds	27%
Low Risk Bonds Strategy	9%
Diversified Alternatives	6%
Opportunities	2%
Hedging	34%
Non-discretionary	1%
Property	2%
Return-seeking Credit	3%
Cash & NCAs	1%
Trustee Bank Account	2%
Insured Pensioners	3%

Our membership

The chart* shows how the Plan's membership has changed over the year to 5 April 2024.

The Plan closed to future accrual in 2013, which means it no longer has active members building up benefits for the future. However, those members who are still employed in the Company and have deferred benefits are categorised as 'employed deferred' members.



- Employed deferred members
- Pensioners
- Members with deferred benefits

Investment performance

The table below details the performance of the Plan for periods ending 31 March 2024, which is the closest available performance to the year-end (5 April).

	1 year (%)	3 years (% p.a)	5 years (% p.a)
The Plan	-1.0	-16.0	-7.4
Target return	n/a	n/a	n/a

Returns are net of fees. Please note, this confirms past performance, which is not a guide to future performance. The value of investments can go down as well as up.

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 the Trustees' Statement of Investment Principles and their Implementation Statement at **www.landis.yourisio.com/app/uploads/sites/3/2024/11/Implementation-Statement-2024.pdf**

*These figures are taken from the Plan's Annual Report for the year ended 5 April 2024.

Summary Funding Statement

Every year the Trustees report to you on how the Plan is funded. As members, you have built up valuable benefits in the Plan, so it is important for you to understand how the Plan will pay for those benefits in the future.

Actuarial valuation and funding update

We have appointed a qualified, independent professional, known as an Actuary, to help us regularly review whether the Plan has enough money and whether Fives Landis Limited (the Employer) needs to pay more. This review is called an actuarial valuation and is carried out at least every three years. Our Actuary also reviews the financial position of the Plan every year so that we can understand how changes in financial market conditions are affecting the Plan.

The most recent completed full triennial valuation of the Plan was at 5 April 2023. To check the Plan's financial security, we look at its financial position and compare the value of its liabilities to its assets. 'Liabilities' are the estimated cost of providing the benefits you and other members have earned to date. If the Plan has fewer assets than liabilities, it is said to have a 'shortfall'. If the assets are more than the liabilities, there is said to be a 'surplus'.

Since the last Summary Funding Statement that was issued, we have now completed both the triennial valuation as at April 2023 and the annual update as at April 2024. The table below therefore compares these two updated funding results against the previous triennial valuation, as at April 2020 and the previous annual update as at April 2022.

The triennial valuation as at 2023 showed a significant improvement in the funding position compared to 2020, with a materially reduced shortfall. The valuation did, however, show that the funding position was behind track compared to expectations, and the Trustees engaged with the Employer to increase their contributions.

Following discussions whereby the Trustees sought to understand the financial constraints of the Employer, the Trustees agreed to retain the current contribution rate at £1m p.a., effectively deferring the increase in contribution rates to £1.5m until 31 July 2027 and extending the end point of Employer contributions from 31 August 2032 to 30 June 2035. The Employer did increase their contributions towards Plan expenses going forward.

The reduced shortfall between 2020 and 2023 was largely due to increases in government bond yields over the period and deficit contributions paid by the Employer. The table shows the volatility in funding over the period; between April 2022 and April 2023, the shortfall had deteriorated. During this period, the government interim budget of September 2022 caused major turmoil in the UK bond markets and this had a negative effect on Plan funding. The high levels of inflation over this period also served to increase the liabilities and increase the shortfall, reversing the positive position shown in the 2022 update.

The annual update as at 5 April 2024 now shows a reduced shortfall compared to the triennial valuation as at April 2023. This improvement was driven by a further increase in government bond yields which, in this case, reduced the liabilities by more than the assets. The position was also improved by the £1m of Employer deficit contributions paid over the year.

Given the financial constraints of the Employer, the Trustees continue to receive regular updates on the business strategy and performance, as well as independent advice as and when required in this regard.

	2024 Funding update	2023 Formal valuation	2022 Funding update	2020 Formal valuation
Assets	£23.9m	£25.0m	£43.3m	£38.0m
Amount needed to provide benefits	£35.7m	£38.1m	£53.0m	£59.9m
Shortfall	£11.8m	£13.1m	£9.7m	£21.9m
Funding level	67%	66%	82%	63%

Employer contributions

Your Plan is sponsored by Fives Landis Limited (the Employer). Your Employer agreed to pay £1m per annum until 31 July 2027, followed by payments of £1.5m per annum (increasing by 3% each April) until 30 June 2035 to remove this shortfall.

Ongoing Plan expenses are being met from the Plan's assets. The Employer has agreed to pay £18,000 (plus VAT) as a contribution towards these expenses each month between 1 July 2024 and 31 July 2027.

The next full actuarial valuation of the Plan will be carried out as at 5 April 2026, but we will write to you again with an update as at 5 April 2025.

How secure is my pension?

As you can see, although the funding position has improved slightly, the Plan currently has 67% of the Plan benefits covered by its assets. You should be aware that the funding level can vary as a result of a number of different factors, particularly investment performance, interest rates and life expectancy (as illustrated above). This means that the funding level can go up or down in the future. The Trustees and Plan Actuary will regularly monitor the Plan's finances and take steps to improve the security of your benefits further where possible.

What would happen if the Plan were to wind up?

If the Plan were to wind up and the Employer was solvent, the Employer would be obliged to pay sufficient money into the Plan to ensure that members' benefits could be secured in full by the purchase of annuity policies. However, if the Employer could not pay the full amount required, then it is possible that the Plan could transfer to the Pension Protection Fund (PPF).

The actuarial valuation includes a test of whether the Plan could afford to secure all of its benefits with an insurance company, for example if the Plan were to wind up. As at 5 April 2023, it was estimated that the Plan would have needed an additional £23.2m on top of the Plan's assets of £25.0m. We are legally bound to disclose to you this figure – it dœs not imply in any way that the Employer is thinking of terminating (winding up) the Plan.

The Pension Protection Fund

If the Employer becomes insolvent and there is not enough money to buy all the benefits with an insurance company, members may be protected by the PPF. The PPF is a government body which provides a safety net for all members but would pay lower benefits than the Plan would. For more information on how and why a pension scheme enters the PPF, and the benefits that members would be entitled to, please visit the PPF's website at **www.ppf.co.uk**

Your benefits in the Plan

If you are considering leaving the Plan by transferring your benefits to another pension arrangement, we recommend that you obtain advice from a financial adviser. You can find information about advisers local to you at **www.moneyhelper.org.uk**. You can contact MoneyHelper at any time for free and impartial guidance.

Other information

By law, we are required to confirm whether any payment has been made to the Employer out of the Plan's assets since the last Plan financial update. We must also tell you if the Plan has been modified by the Pensions Regulator or whether the Pensions Regulator has made any directions regarding the Schedule of Contributions or how Plan benefits are valued. We can confirm that none of these events has occurred.

Plan noticeboard

LTA and limits on tax-free cash

The government has provided more detail around the allowances that have replaced the Lifetime Allowance (LTA), which was abolished in April 2024. Although the Labour Party had indicated it would reverse this change, the LTA wasn't mentioned in the recent King's Speech, setting out the new government's legislative priorities for the year ahead (see below).

The two new allowances put a limit on how much tax-free cash you can take from your retirement savings:

- **The Lump Sum Allowance (LSA)**
  When you take your benefits, you can usually take up to 25% tax free, but the LSA caps this amount at the lower of £268,275, your available LSDBA (see below) or the amount permitted under the pension scheme's rules (this applies across all pension schemes, not just the Plan).
- **The Lump Sum and Death Benefit Allowance (LSDBA)**
  A limit of £1,073,100 now applies to the tax-free elements of lump sums that can be paid from all your retirement savings, including any paid on your death or ill health.

Most of our members are unlikely to be affected by the allowances. Whether they affect you or not will generally depend on the total value of your pension savings and whether you've already taken tax-free cash from other pension schemes, as this reduces the amount of LSA and LSDBA available to you. If you want to take part of your Plan benefits as tax-free cash when you retire, we'll need to check you have enough LSA and LSDBA available first. If you don't have enough LSA or LSDBA available, your tax-free cash will be restricted to the lower of the allowances you have remaining and the amount allowed in the Plan rules.

If you previously had some sort of LTA protection, you might be able to take more tax-free cash. You can find out more at **www.gov.uk/tax-on-your-private-pension**

Pension Schemes Bill

In the King's Speech at the opening of Parliament in July, the new government set out its legislative priorities for the months ahead. This included a new Pension Schemes Bill, which forges ahead with many of the previous government's proposals.

The main takeaway for pension schemes is a push to deliver better value for savers and to increase investment by pension schemes in the UK economy.

In addition, the new Bill will prevent people from losing track of their pension pots through consolidating small pots (similar to the previous government's 'pot for life' proposal).

GMP equalisation

The process of calculating the equalised benefits for the Plan is currently under way. Some members will be due uplifts and backpay on previous pensions paid as a result of this. We are expecting to finalise our calculations next year and we will notify members in advance of these payments being made.

Changes ahead for inherited pensions

In the autumn 2024 budget, the chancellor announced that unused pension pots will form part of an individual's estate for inheritance tax purposes from April 2027.

This means that pension lump sums and death benefits from a pension can no longer be passed on tax free to your beneficiaries but will be added to the rest of your estate: property, money, possessions, etc. when working out if any inheritance tax is due.

The rules are complex, and a government consultation is under way to determine how this new approach will be put into practice. We'll update you in a future newsletter once we know the impact on the Plan's benefits.

Could you boost your State Pension?

The previous government extended a deadline allowing people to pay voluntary contributions to make up for gaps in their National Insurance (NI) record between April 2006 and April 2016. After 5 April 2025, you'll only be able to pay for voluntary contributions for the past six years.

The extension allows people to rebuild their NI credits so they can get the full State Pension – a boost that is particularly useful for people who took time out to raise a family, carers and those who've worked abroad.

You can use the digital service at **www.gov.uk/check-state-pension** to check if you have gaps in your NI record and see by how much your State Pension could increase and how much it would cost.

Did you know?
It's possible to defer the payment of your State Pension if you want to do this. You can find out how much you're on track to receive at **www.gov.uk/check-state-pension**

Stay alert to pension scams

Many people have been targeted by pension scammers, who offer seemingly attractive 'investment opportunities' to encourage you to transfer your retirement savings into their funds. These scams could result in the loss of your entire retirement savings, and you could also face significant tax penalties.

Scam tactics include:

- contact out of the blue (this could be via a phone call or via social media, for example)
- promises of high or guaranteed returns or better returns on your retirement savings
- free pension reviews and/or access to your pension before age 55
- pressure to act quickly and high-pressure sales tactics
- unusual investments, which tend to be unregulated or high risk and/or complicated structures, so it is not clear where your money will end up
- several groups or companies involved which all take a fee, meaning the amount taken from your pension will be significant.

To help you identify a scam and protect your retirement savings, you should visit the Financial Conduct Authority's website at **www.fca.org.uk/scamsmart**

An update on pensions dashboards

The timetable for launching pensions dashboards has been pushed back to give the pensions industry more time to get ready for this major project.

The earliest dates for larger schemes to connect to the pensions dashboards will be 30 April 2025, and smaller schemes have been given a deadline of September 2026.

When it's launched, the dashboard will provide a single place where you can get information about all your retirement savings across all schemes, as well as track down any lost pension pots.

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 (Chair)

Anthony Howarth (Member nominated)

Philip Snowden (Company appointed)

Advisers to the Trustees

Administration
Isio

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, Isio.

You can also use the details below to 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.

To ensure we can reach you quickly and efficiently, we also kindly request that you provide Isio with your current mobile phone number and email address.

By phone: 0800 488 0794

By email: LandisClient@ISIO.com

By letter: Isio, PO Box 108, Blyth NE24 9DY

Keep in touch!

It is essential that you remain in contact with us, notifying us of any change of address or difficulty with delivering post to you. If you are receiving a pension from the Plan, lack of contact from you may result in your pension being suspended. If you are not yet receiving your pension and we do not have your latest address, this could cause delays when your benefits become payable. You may also miss out on receiving important communications from us. If you would like to provide us with your email address, this may help if we are unable to contact you by post.

Plan website

The Trustees have a Plan website available where key Plan-specific documents and standard administration forms can be found. Simply visit **www.landis.yourisio.com**

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**