



**SCOTTISH &  
NEWCASTLE**

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**PENSION PLAN**

# Here's to **PENSIONS**

THE NEWSLETTER FOR MEMBERS OF THE  
SCOTTISH & NEWCASTLE PENSION PLAN

 **HEINEKEN**

AUTUMN 2018



**Robin Hoytema van Konijnenburg**  
Chair of Trustee Board

**Welcome to the autumn 2018 newsletter for members of the Scottish & Newcastle Pension Plan. Here you can read the latest news about the Plan and an update on pensions in general.**

# CHAIRMAN'S WELCOME

You'll notice the format has changed – we've moved from A4 to a smaller A5 newsletter. This hopefully makes the information easier to read by breaking it down into manageable chunks.

This issue focuses on the work of the Investment Committee (pages 4-5) and also brings you news of recent changes to the advisers appointed by the Trustee to help us manage the Plan in the best interests of you, the members.

Work on the 2018 actuarial valuation is about to get under way. As the article

on page 10 explains, the Trustee has reappointed Mercer as the actuary to work on this important project, which allows us to assess the Plan's ability to meet its future pension promises.

Another important strand of our work is assessing and understanding the employer covenant – that is, HEINEKEN UK's ability and willingness to support the Plan. It is important to remember that in addition, the Plan also has the reassurance of an 'underpin' guarantee from the employer's parent company, HEINEKEN NV.

The Trustee has appointed a specialist adviser to review the employer covenant and you can read about this on page 10.

In effect, investments, funding and covenant form the three corners of the Trustee's risk management approach; this is explained in more detail on pages 6-7.

If you have any comments about the content of this newsletter or if you have any suggestions for subjects you'd like to see covered in a future issue, please get in touch using the contact details on the back page. Don't forget that you can always log into the Plan website and see your pension information online. Go to **[www.snptions.com](http://www.snptions.com)** and click on either 'Login' or 'Register' at the top of the page.

**Robin Hoytema van Konijnenburg**  
Chair of Trustee Board

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FOCUS ON...

# THE INVESTMENT COMMITTEE

**The Investment Committee makes recommendations to the Trustee Board on setting the Plan's long-term investment strategy. The aim is for the Plan to have a diverse portfolio of investments so that members receive their benefits when they're due – whatever happens in the financial markets.**

The Investment Committee is chaired by Anne Kershaw. Anne is an Independent Trustee Director, who was appointed by HEINEKEN in 2013. Other Trustee Directors on the Investment Committee are Robin Hoytema van Konijnenburg and Allan Whalley.

The Committee also benefits from the input of two non-Trustee Board members: Frank De Waardt, who is the Managing Director of HEINEKEN's Dutch pension fund and HEINEKEN UK Chief Financial Officer, Radovan Sikorsky.

The Investment Committee delegates the day-to-day management of the investments to a number of external fund managers. The Committee meets quarterly to review the managers' performance. These meetings are attended by the Plan's specialist investment adviser, Mercer. Anne then reports to the full Trustee Board at their quarterly meetings.

Every three years, the Trustee reviews the investment strategy and decides how much of the portfolio to invest in different asset classes. This is something that takes place after each actuarial valuation and will happen again once the 2018 valuation has been completed. However, in between valuations, the Investment Committee has some discretion to change the actual allocation of assets in response to changing market conditions.



Over recent years, the strategy has been to gradually move investments away from more risky equities into asset classes which more closely match the Plan's need for cash flow as it matures. The Investment Committee will keep this approach under review in consultation with HEINEKEN to ensure it continues to meet the needs of the Plan.

## THE INVESTMENT COMMITTEE



**Anne Kershaw**



**Robin Hoytema  
van Konijnenburg**



**Allan Whalley**



**Frank De Waardt**



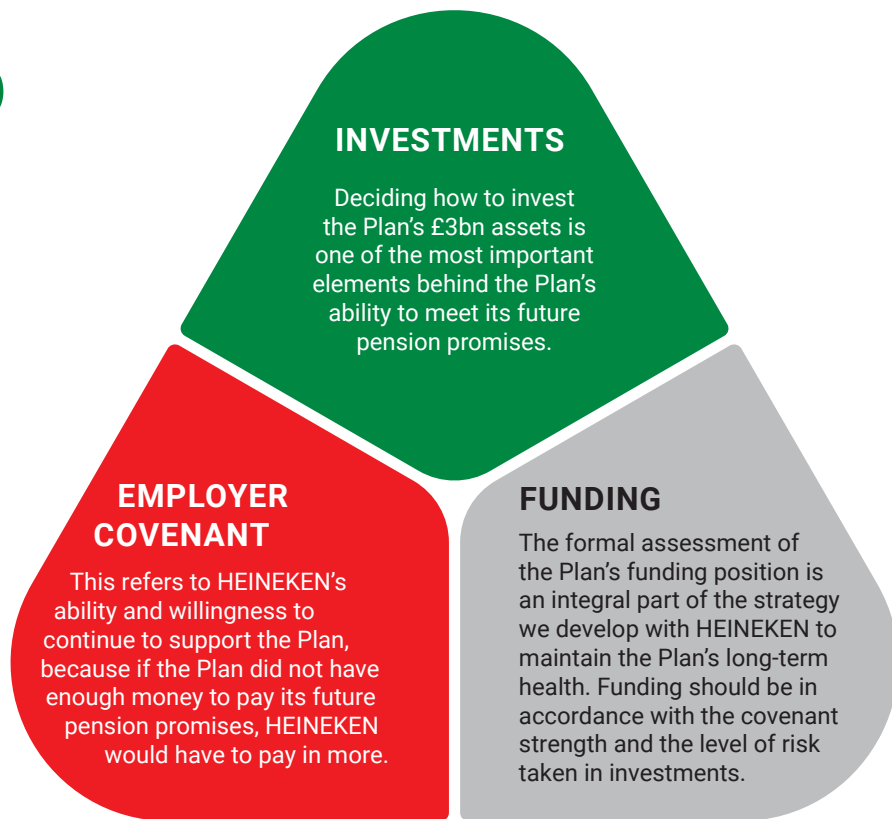
**Radovan Sikorsky**

# INTEGRATED RISK MANAGEMENT

## (OR THE ART OF TIGHTROPE WALKING)

**Running a defined benefit pension scheme means the Trustee Directors have to balance lots of different risks, which can each have a knock-on effect on other areas.**

Integrated risk management (or 'IRM') is an approach recommended by the Pensions Regulator, that helps pension scheme trustees to identify and manage employer covenant, investment and scheme funding risks in an integrated way. The Pensions Regulator wants all defined benefit schemes to adopt and implement an IRM framework. However, this is something the Trustee has been doing for many years already.



## **A successful IRM framework can result in:**

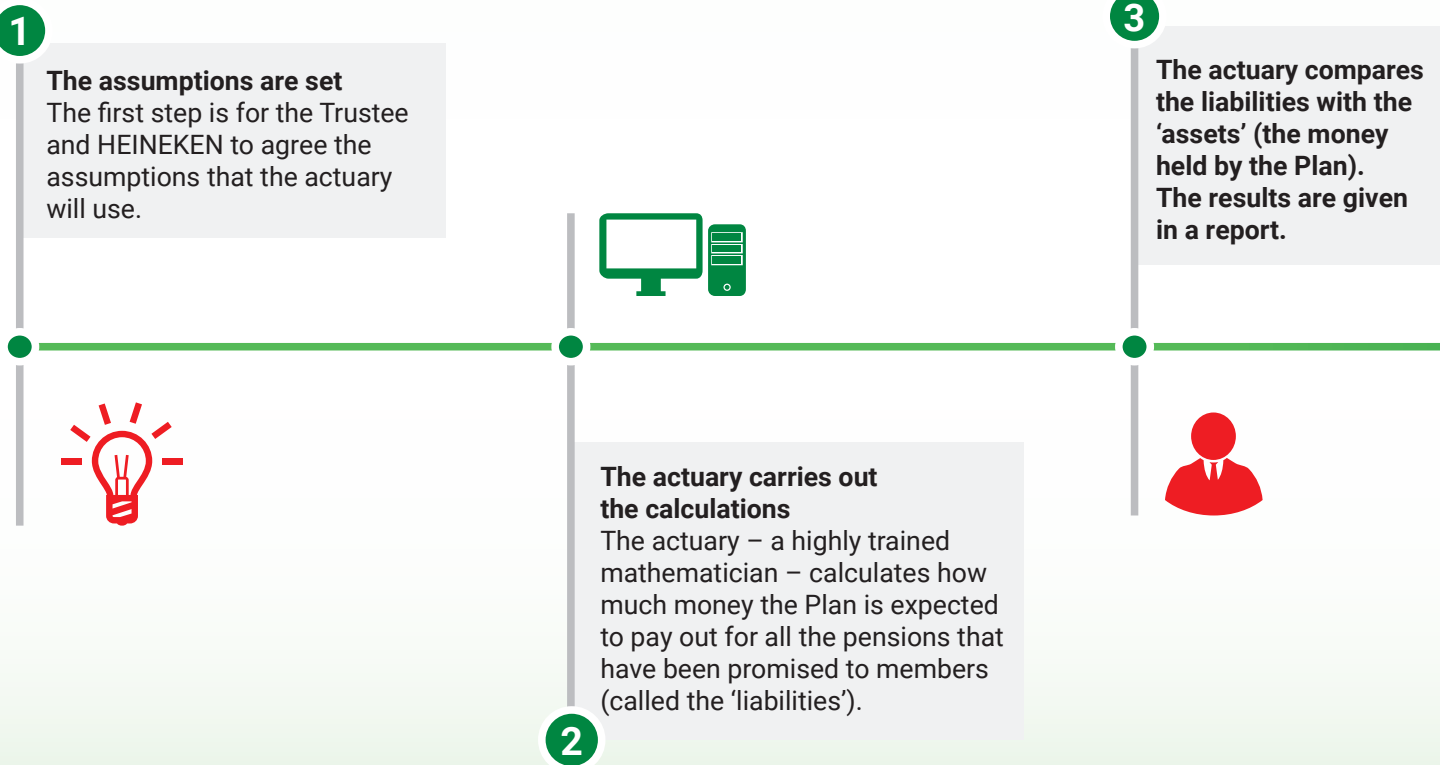
- More robust decision-making due to a better understanding and management of risks that affect scheme funding.
- Better and more collaborative relationships between trustees and employers.
- Transparent and well-documented decisions, which are useful for the trustees, the employer and third parties.

**The previous article on the Investment Committee and the new adviser updates on the pages that follow show how the Trustee is looking at all of these aspects of Plan management.**



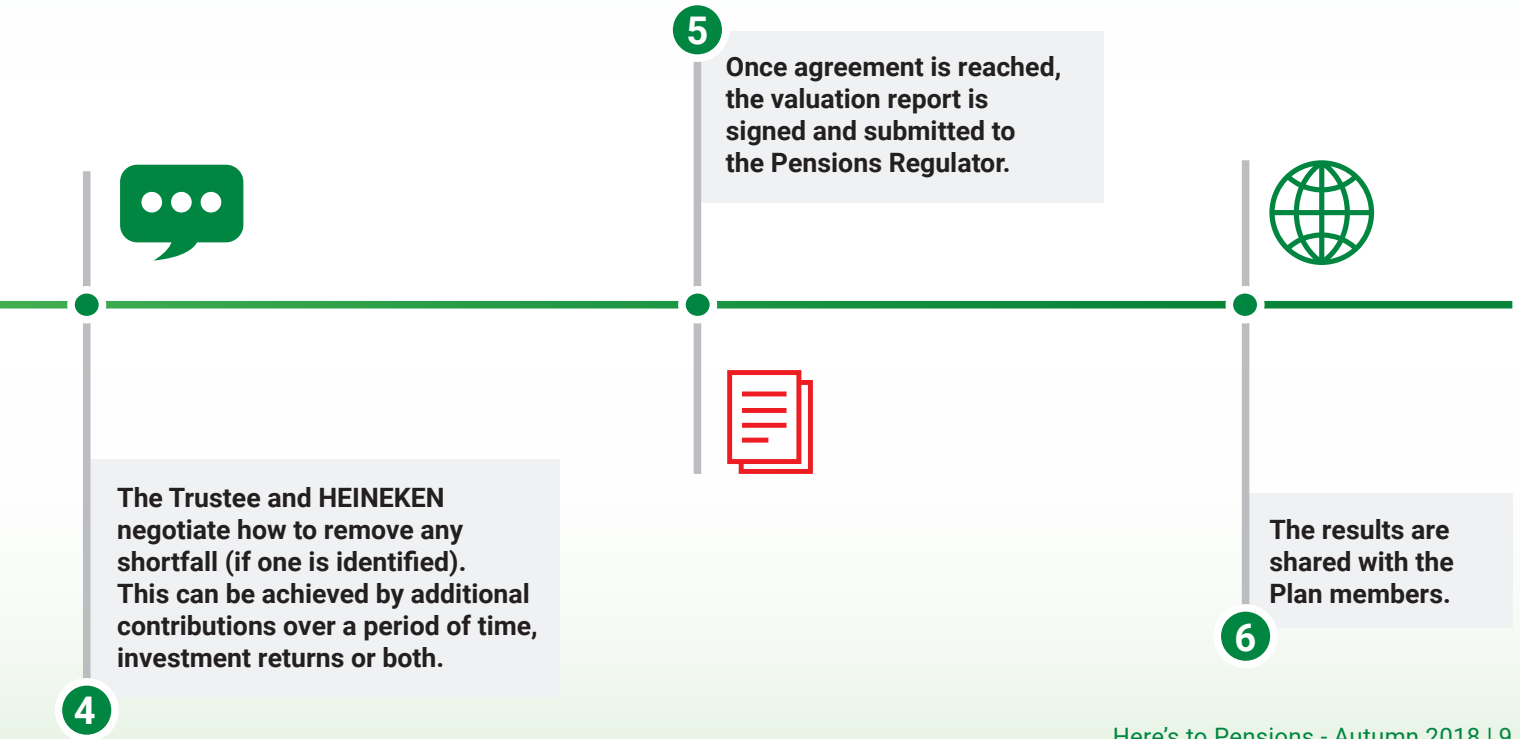
# WHAT'S INVOLVED IN A VALUATION?

The 2018 actuarial valuation gets under way shortly. Here's an overview of what happens in a valuation.





The Trustee and HEINEKEN have a target of 15 months from the valuation date to complete the valuation. If they take longer, they have to notify the Pensions Regulator of the delay. In our Plan, we usually take six to nine months to complete the valuation. We hope to update you on the 2018 valuation in our autumn 2019 newsletter.



# PLAN NOTICEBOARD

## COMMUNICATIONS ON THE AGENDA

The Trustee has appointed an independent communications agency called Wordshop to help us develop and improve the Plan communications. They were given the work after a competitive tender process involving two other suppliers. As well as taking on our biannual newsletters, we're also talking with them about ways to improve your experience online. Watch this space – and please do let us know what you think of this issue of the newsletter using the contact details on the back page.



### REAPPOINTMENT OF MERCER AS PLAN ACTUARY

During the year, the Trustee conducted a thorough market review of actuarial services for the Plan. This is in line with its best practice policy of regularly reviewing all service provider appointments. As a result of the review, the Trustee decided to reappoint Mercer as the Plan actuary.

## EMPLOYER COVENANT REVIEW UNDER WAY

We mentioned in the spring issue that we'd be reviewing the strength of HEINEKEN's financial position following the acquisition of 1,900 Punch Taverns pubs. In simple terms, has the purchase affected HEINEKEN's ability to support the Plan?

After a competitive tender process, the Trustee appointed Mercer's specialist covenant team to analyse the employer covenant and future risks to the Plan. Mercer is in the process of analysing HEINEKEN UK's current performance and forecast outcomes over the next two years (2019 and 2020). They will provide the Trustee with a final report later this year, which will rate the strength of the employer covenant and also outline the key risks. We'll give you more information on this next year.

## FUNDING UPDATE

The 2017 summary funding statement is available on the Plan website: **[www.snptions.com](http://www.snptions.com)**. HEINEKEN, the Trustee and the new Plan actuary (see page 10) are about to start work on the 2018 triennial valuation. We'll publish the findings in the autumn 2019 newsletter.

## PENSION INCREASES

This year, HEINEKEN has agreed to a discretionary increase of 1.6% to pensioner members. This is effective from 1 November.

The level of discretionary increase is set by HEINEKEN. While the Trustee Board has no part to play in that decision, we've confirmed with our actuary, as required under the Plan Rules, that the Funding Plan is able to support this increase.

## PAY DATE CALENDAR ONLINE

If you're receiving a pension from the Plan, the 2018 and 2019 pay date calendar is available on **[www.snptions.com](http://www.snptions.com)**, under Plan information.



# MEMBERS' CORNER...

# TRANSFERS


The Plan's 2016/17 financial statements showed a huge increase in the value of benefits being transferred out of the Plan – from £19m in 2015/16 to £50m in 2016/17. Some members might have weighed up the pros and cons and decided that a transfer gives them greater flexibility to take their pension in a way that suits their personal circumstances.

As a reminder, if you transfer your pension and you're over the age of 55, you have the following options for taking your benefits:

- You can get a different regular income from the one the Plan provides, by **purchasing an insurance product called an 'annuity'**. In some cases, you might qualify for an enhanced annuity – if, say, you're in poor health or a smoker.

You might also be able to specify the level of pension increases you'd like applied to your annuity (none, Retail Prices Index-linked or some other rate), or choose not to have a pension paid to your spouse on your death (if, for example, you're not married or if your spouse already has a decent pension in their own right).

- You can **take up to 25% of your transferred pension pot as a tax-free cash sum**. If you wanted to take it all as cash, you could do so but the amount above the 25% would be taxed at your marginal rate of income tax. You'd have to be careful not to run out of money later on in your retirement.
- You can **invest the value of your pension and draw on the funds** to provide a regular income or cash lump sums at a time of your choosing. You'd need to be confident in managing your own investments and be aware that any provider's costs and charges could reduce the pot of money you have available for funding your retirement. As with the option above, you'd have to be careful not to run out of money later in your retirement.



If you're thinking about taking a transfer, and your quoted transfer value is greater than £30,000, please remember that you'll also need to show proof of having received independent advice from an FCA-approved financial adviser. This restriction has been put in place by the Government to ensure that members understand the risks of an irrevocable decision to transfer out of their defined benefit pension plan.

If you register online at [www.sn pensions.com](http://www.sn pensions.com), you can find more information on your benefits and may be able to get an estimate of your transfer value.



# PENSIONS NEWS

## HAVE A COMPLAINT ABOUT YOUR PENSION SCHEME?

The Pensions Advisory Service's (TPAS) dispute resolution function has moved to the Pensions Ombudsman (TPO).

Previously, pension scheme members could approach both TPO and TPAS for help when dealing with a pension complaint. TPAS would focus on complaints before the pension scheme's Internal Dispute Resolution Procedure (IDRP) had been completed, while TPO typically dealt with complaints that had been through IDRP. However, the transfer aims to simplify the experience for members, so they can access all pension dispute resolution services, whether pre or post-IDRP, in one place.

**Tel:** 0800 917 4487

**Email:** [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

**Address:** Pensions Ombudsman Service, 10 South Colonnade, Canary Wharf E14 4PU

**Online:** [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

## GOVERNMENT GUIDANCE PROVIDERS TO MERGE

Three Government bodies providing advice to consumers about pensions and finance are due to merge into one single financial guidance body later this year.

Following the move of its dispute resolution function to the Pensions Ombudsman, the Pensions Advisory Service (TPAS) will merge with the Money Advice Service and Pension Wise and continue to focus on providing pension information and guidance.

## PENSIONS COLD CALLING BAN

The timetable for a planned ban on pensions cold calling has been delayed. It was hoped that the ban would be introduced in June, but the Treasury instead launched a short consultation to make sure the rules are 'robust'. The ban would help protect vulnerable consumers from fraudsters ringing up and trying to scam people out of their pensions savings.

## CHANGES TO STATE PENSION AGE

The Government has announced that it is to bring forward plans to raise the State Pension Age to 68. Originally set to be introduced between 2044 and 2046, the increase to 68 will now take place seven years earlier between 2037 and 2039. People born between 6 April 1970 and 5 April 1978, currently aged between 40 and 48, will be affected by this change.



# CONTACT US

Please remember to quote your National Insurance number in any correspondence.

**Tel:**

0345 600 2086

0345 600 3260 (pensioner payroll helpline)

**Email:**

[snpensions@capita.co.uk](mailto:snpensions@capita.co.uk)

**Address:**

Scottish & Newcastle Pension Plan  
Capita  
Hartshead House  
2 Cutlers Gate  
Sheffield S4 7TL

**Online:**

[www.snpensions.com](http://www.snpensions.com)



## PROTECT YOUR PENSION

Be alert to fraudsters who may try to trick you out of your pension savings. They may call you up, promising 'guaranteed returns' in exotic sounding investments, or even claim to be from the Pensions Regulator or Pension Wise. No bona fide company would ever cold call you in this way – so just hang up. Find out more at [www.pension-scams.com](http://www.pension-scams.com)



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This newsletter has been prepared by the Trustee of the Scottish & Newcastle Pension Plan. None of the information in it constitutes financial advice or guidance. You should consider seeking your own independent financial advice if you are in any doubt about the benefits and options available to you or your dependants.