

A man with glasses and a mustache, wearing a blue and white plaid shirt, is pouring beer from a tap into a glass. He is standing behind a bar with various bottles of alcohol in the background.

# SCOTTISH & NEWCASTLE PENSION PLAN

## PENSION UPDATE

SPRING 2018

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## CHAIR'S WELCOME

Welcome to the spring 2018 edition of the Scottish & Newcastle Pension Plan newsletter.

We expect 2018 will be a busy year for the Plan. The Trustee and HEINEKEN continue to work on the strategy for the Plan's investments and long-term funding. We hope to bring you an update on this in the autumn newsletter. You may also be aware that HEINEKEN UK has acquired 1,900 pubs from Punch Taverns. As part of the Trustee's ongoing work on the Plan's funding, we'll carry out a full review of the strength of HEINEKEN's financial position following this acquisition.

The three-yearly valuation of the Plan will start in the autumn. This is where the Plan's actuary works out how much money the Plan has and how much it has to pay out as pensions and benefits, using information provided by HEINEKEN and the Trustee.

This edition of the newsletter includes a summary of the Annual Report and Accounts and all the latest pension news. In our last newsletter, we told you about the work of the Member Relations Committee; in this edition we focus on the Governance and Audit Committee, in particular their role in the payment of death benefits. I encourage you to read this article on page 8 and the members' corner article on page 9 so you can make sure any benefits payable are processed quickly and smoothly, should the worst happen to you.

The new General Data Protection Regulations come in to force in the UK in May. You can read about the steps we've taken to comply with them on page 3. You'll also find a privacy notice included with your copy of the newsletter. Please take the time to read this, as it contains important information about how we use your data.

We hope you find this newsletter interesting and useful. The Trustee Board always welcomes hearing your views so if there are any items that you'd like to see covered in future issues, or you've any questions, please use the contact details on the back page. As a result of feedback received from members, we're making changes to the website for you. The first part of this is a new web address at [www.snpensions.com](http://www.snpensions.com)

Finally, I'd like to thank all my fellow Trustee Directors for their ongoing contribution.



**Robin Hoytema van Konijnenburg**

Chair of Trustee Board

## WHAT'S ON OUR AGENDA?

### Funding update

You can find a summary of the Plan actuary's most recent funding updates in the Summary Funding Statement on the Plan website at [www.snpensions.com](http://www.snpensions.com)

### HEINEKEN completes acquisition of 1,900 Punch Tavern pubs

On 5 March HEINEKEN completed its acquisition of 1,900 pubs from Punch Taverns. This brings the total number of pubs in the Star Pubs & Bars estate to 2,900, making it the third largest pub company in the UK. HEINEKEN has a long track record of investment in pubs and has invested over £100m in its pub estate since 2014.

David Forde, Managing Director of HEINEKEN UK, said: "Pubs are hugely important for our business and for the UK. They're the hub of communities and play a key role in bringing people together. We've made no secret of our ambition to grow Star Pubs & Bars. Now we have the pubs, we need to continue what we do best: investing in them, giving them the right support and making sure they remain at the heart of communities."

Lawson Mountstevens, Managing Director, Star Pubs & Bars said: "HEINEKEN is a passionate supporter of the great British pub and I'm pleased to extend that support to the new pubs, licensees and colleagues who have joined Star Pubs & Bars. We're on a journey to build Britain's best pub company - I believe that this is done by creating sustainable and mutually profitable partnerships with all our licensees, who are crucial to the success of building great pubs in local communities."

The Trustee plans to carry out a full covenant review of HEINEKEN UK this year to assess the impact of the acquisition of Punch Taverns by HEINEKEN UK. The covenant is the employer's legal obligation and financial ability to support its pension scheme now and in the future. Assessing and regularly monitoring the covenant helps the Trustee to decide the appropriate levels of risk when setting its investment strategy, funding target and, where applicable, the recovery plan.

### New data protection legislation

From 25 May 2018, new laws about how we look after your data will come into force, known as the General Data Protection Regulations (GDPR). They will require the Trustee to have a specific plan for how its service providers and advisors, including Capita, the Plan Administrator, look after your data. The Trustee will also need to document the decisions taken to keep your data secure and maintain a formal data protection policy for the Plan.

Enclosed with this newsletter is a legal summary that explains the data we hold for you, how it is looked after, and what your rights are in relation to it. The data we hold for you is mainly provided by you, but we may also hold data from HEINEKEN, the Department of Work and Pensions or other regulatory bodies. We also hold data for your nominated beneficiaries, as provided by you, and assume that they have given you their consent for this.

We use this data to administer your benefits in the Plan and share it with other organisations to help us do this. This includes Capita, the Plan Administrator, and the Plan's actuary, legal advisors, auditors and other regulatory bodies.

We keep your data for as long as needed to administer your benefits in the Plan, which means holding information that may go back over many years. Once your membership of the Plan ends, we will keep your data for at least another six years, in case of any queries, or longer if we think it's necessary.

You can access your data, and ask us to correct it if there are any errors. You can also request that we delete or no longer process your data; however, if we do not have the data needed to process your benefits correctly, we will be unable to make any payments.

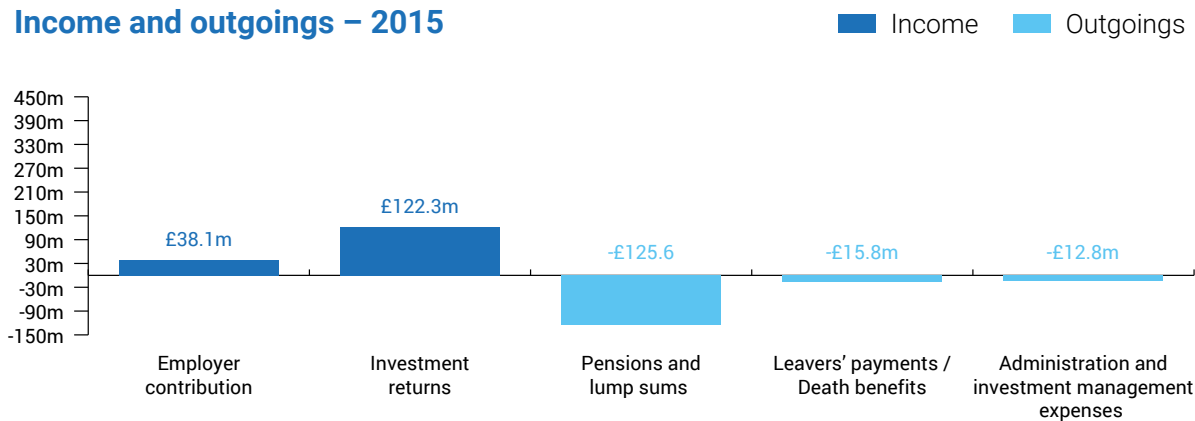
If you need to know anything else about data protection and your rights, please contact the Trustee via Capita, the Plan Administrator, whose contact details are on the back page.

# ABOUT THE PLAN

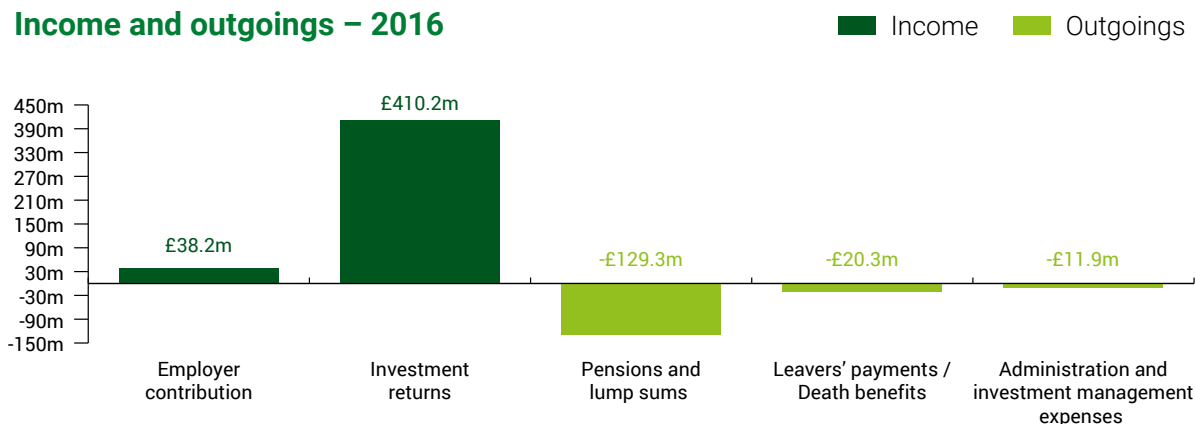
Over the next two pages you can see a summary of the Plan’s finances and membership.

The information is taken from the Plan’s full Annual Report and Accounts. A copy can be requested from Capita, the Plan Administrator, whose contact details are on the back page.

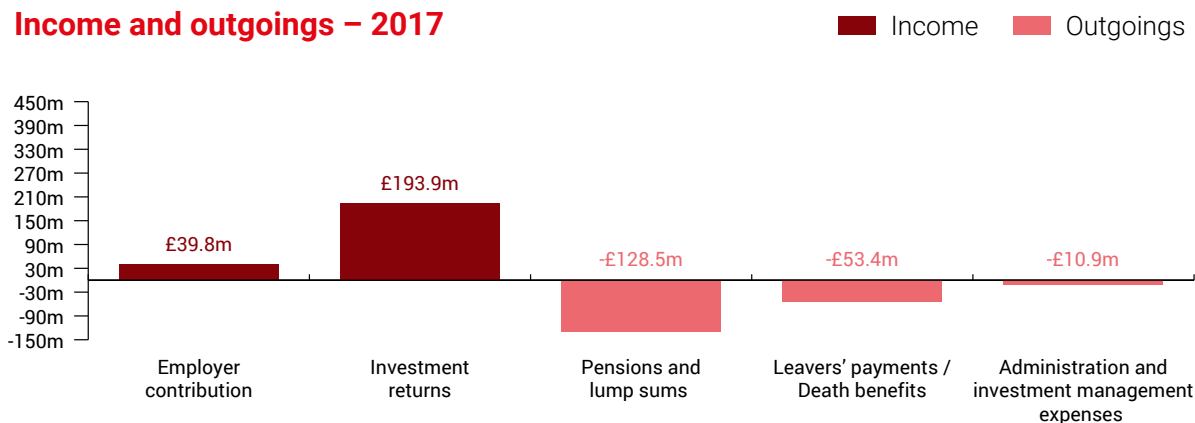
## Income and outgoings – 2015



## Income and outgoings – 2016

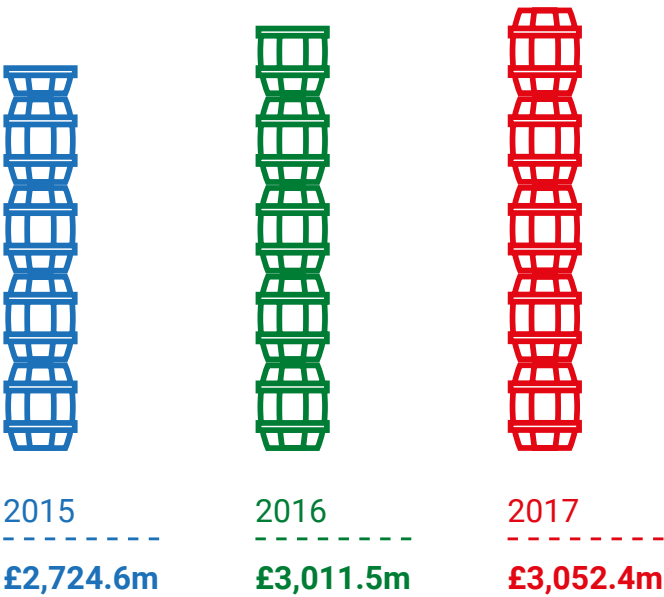


## Income and outgoings – 2017



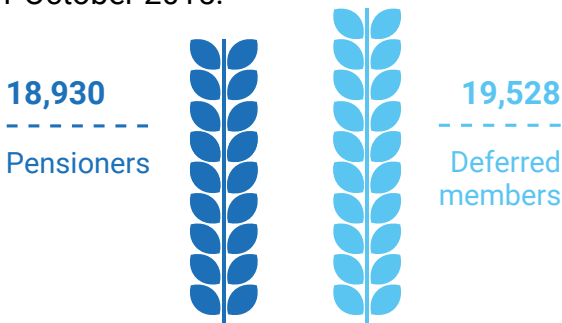
## Plan value at end of year

At 31 October:



## Membership at end of year

At 31 October 2015:



At 31 October 2016:



At 31 October 2017:



# YOUR TRUSTEE BOARD

The Plan is looked after by the Trustee Board, which has three independent Directors, three member nominated Directors and three Company appointed Directors.

The current Directors are:

### Independent:

**Anne Kershaw**  
**Dee Mair**  
**Allan Whalley**

### Member nominated:

**Andy Ackerman**  
**Ruth Bromley**  
**Martin Coles** (pensioner member)

### Company appointed:

**Naomi Harding**  
**Robin Hoytema van Konijnenburg** (Chair)  
**Kelly Taylor-Welsh**

## The Pensions Team

There is also a Pensions Team within HEINEKEN UK that assists the Directors in their duties.

Head of Pensions	Neil Parfrey
Governance & Operations Manager	Janis Ireland
Benefits Administrator	Yvonne Wicks

To help them in their duties, the Trustee Directors also appoint specialist advisors.

Actuary	John Porteous, FFA Mercer Limited
Investment Advisor	Mercer Limited
Independent Auditor	Ernst & Young LLP
Plan Administrator	Capita Employee Benefits Limited
Global custodian, accounting and performance measurement	Bank of New York Mellon (BNYM)



# INVESTMENT UPDATE

The Trustee appoints investment managers to look after the day-to-day investment of the Plan's funds. Each manager has instructions on the type of investments they are to make, and how their performance will be measured.

The Trustee has an investment strategy for the Plan's funds based on the risks they are willing to take and the returns they want to get. The investment strategy includes details of the types of assets the Plan's funds are to be invested in (for example, how much to invest in shares or Government bonds).

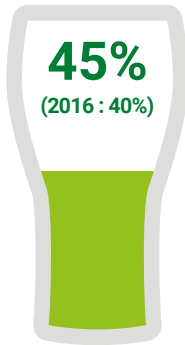
During the year to 31 October 2017, the Trustee reviewed the Plan's asset strategy. The decision was taken to continue the gradual de-risking of the Plan and, as a result, the allocation to liability driven investments has increased, with a corresponding decrease in the allocation to equities and absolute return funds.

As at 31 October 2017, the investment managers used by the Plan were:

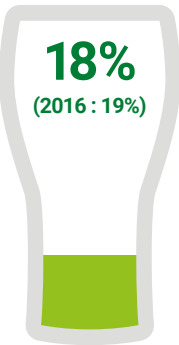
- Aberdeen Standard Investments
- Aviva plc
- BlackRock Advisors (UK) Limited
- Bridgewater Associates Inc.
- CQS Investment Management Limited
- Highbridge Principal Strategies
- M&G Limited
- Mesirow Financial International UK Ltd
- Russell Investments Limited
- Pacific Investment Management Company LLC (PIMCO)
- State Street Global Advisors

As at 31 October 2017, the benchmark allocations were as follows:

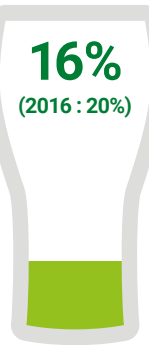
## LIABILITY DRIVEN INVESTMENTS



## ABSOLUTE RETURN

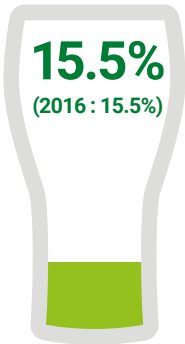


## EQUITIES



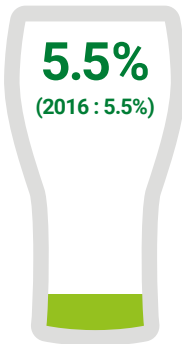
- 7.4% Global Equity
- 6.7% Developed Global Equity
- 1.9% Emerging Markets Equity

## PRIVATE MARKETS



- 5.0% Long Lease Property
- 2.8% Senior Real Estate Debt
- 2.7% Infrastructure Debt
- 3.9% Mezzanine Debt
- 1.1% Stretch and Junior Real Estate Debt

## MULTI-ASSET CREDIT





# FOCUS ON THE GOVERNANCE AND AUDIT COMMITTEE (GAC)

The Trustee Directors are responsible for the efficient operation of the Plan and have agreed that some aspects of its operation should be conducted through committees of the Trustee Board. Each committee is appointed by the Trustee Directors, who have delegated to the GAC a number of functions relating to the supervision of the operation of the Plan.

The GAC is chaired by Kelly Taylor-Welsh, who is a Company-appointed Director. Kelly's day job is Head of UK Tax at HEINEKEN.

The GAC meets formally every three months, and its members also have a monthly call to discuss any non-standard cases or new issues. This ensures that there are no unnecessary delays in settling benefits, particularly in the event of a member's death.

Alongside Kelly on the Committee there are two other Directors, Martin Coles and Ruth Bromley, plus Janis Ireland and Neil Parfrey from HEINEKEN's Pensions Team as support. Representatives from Capita, the Plan Administrator, also regularly attend the meetings.

## GAC MEMBERS



Kelly Taylor-Welsh  
(Chair)



Ruth Bromley



Martin Coles

### Some of the key roles of the GAC are:

- approving the process for selecting and monitoring the Plan's Administrator and professional advisors,
- reviewing the annual audit of the Plan and the preparation and sign off on the accounts,
- exercising delegations in respect of members' benefits, and
- reviewing the risk management and internal controls.

The GAC spends a lot of time reviewing individual death benefit cases, particularly where the circumstances are not straightforward. For example, if a member has separated or is living with a partner who does not appear to be a financial dependant.

Such cases can be particularly difficult for both the surviving relatives or partners and Capita, the Plan Administrator, and we've been reviewing our processes and documentation to help with this.

See the Members' Corner on the next page for details.

# MEMBERS' CORNER

## Declaration Form – unmarried partner

Did you know that your spouse or civil partner is entitled to a pension from the final salary section of the Plan in the event of your death? This pension is payable whether you die before or after retirement, and is a proportion of the pension you were entitled to at the time of your death.

If you're not married or in a civil partnership, it's important to be aware that if you die a spouse's pension is not automatically payable. Under the Rules of the Plan, there are certain criteria that have to be met before non-married partners or dependants can be considered for a pension. These include proving financial dependency, for example the sharing of utility bills.

If you think this applies to you, it's important that you make arrangements now to ensure we know who you would like a dependant's pension paid to. The Trustee will be able to make a decision about who receives a pension, and pay it more promptly if you provide detailed information about your situation before you die.

To help you with this, we've updated our dependants forms and also created a new 'Unmarried Partner Declaration Form'. This allows members to complete the form whilst they are still alive and provide some relevant information, which should reduce any delay in the event of their death.

The form can be downloaded from the Plan information section on the Plan website at [www.sn pensions.com](http://www.sn pensions.com) (no logon details required). There's also information available on the website in the FAQs section, which details the information we need to consider before paying your partner a pension.

## Expression of Wish Form

Don't forget to also make sure that your Expression of Wish form is up to date. If you've already registered on the Plan website at [www.sn pensions.com](http://www.sn pensions.com) you can log in and complete the form online. Otherwise you can download the form from the Plan information section on the website (no logon details required). The Trustee is not obliged to follow your wishes, but will take them into account when deciding who should receive any death lump sums payable.



# PENSIONS NEWS

## Changes to the Government's pensions advisory services

The Government has recently announced plans to merge three of its current advice services:

- the Pensions Advisory Service - helps with pension queries and in the case of disputes
- the Money Advice Service - provides help and information on all financial matters
- Pension Wise - provides information and guidance on retirement options

The merger will aim to reduce duplication and bring together expertise across the services. The merger is expected to happen in 2018 so keep an eye out for further information during the year. In the meantime, you can continue to use all three services separately, free of charge.

## State pension increases

The State Pension will increase on the 6 April 2018 to be:

- Basic State Pension: £125.95 a week (£6,549.40 per annum)
- New State Pension: £164.35 a week (£8,546.20 per annum)

If you are a man born on or after 6 April 1951 or a woman born on or after 6 April 1953 you will be claiming the new State Pension. Anyone born before these dates will be on the basic State Pension.

## White Paper on protecting defined benefit schemes

The Government has published a White Paper on protecting defined benefit schemes in light of the recent issues with companies such as BHS. The paper states that the current system of regulation for scheme funding generally works well, but there are actions that can be taken to improve the powers of the Pensions Regulator to better help schemes manage their funding, and crack down on employers who behave recklessly as regards their defined benefit schemes.



## Changes to income tax rates in Scotland

On 4 April 2018 new income tax rates came into effect in Scotland. To see these new rates visit [www.gov.scot/Topics/Government/Finance/scottishapproach/Scottishincometax2018-2019](http://www.gov.scot/Topics/Government/Finance/scottishapproach/Scottishincometax2018-2019).

You'll only pay these rates of income tax if your main place of residence is in Scotland. HM Revenue and Customs will determine if this is the case and amend your tax code accordingly.

## Capita in the news

You may have picked up on recent news about the financial situation of Capita Group. Although the Plan is administered by Capita, the assets of the Plan, which are used to pay benefits, are all held in the name of the Trustee and are legally separate from Capita Group. This means that they are not in any way part of Capita Group, its pension scheme or current financial situation and you need not be concerned that your pension has been affected.



# SCOTTISH & NEWCASTLE

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## PENSION PLAN

### CONTACT US

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



By phone:  
0345 600 2086



Pensioner Payroll Helpline:  
0345 600 3260



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



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



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

Don't forget you can access personal details, your current pension value, and update your Expression of Wish Form by visiting the Plan website.

