



**SCOTTISH &
NEWCASTLE**

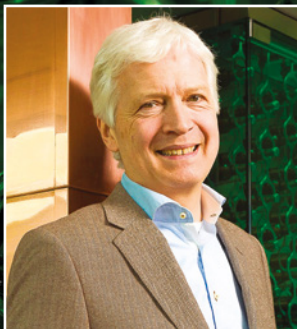
PENSION PLAN

Here's to **PENSIONS**

THE NEWSLETTER FOR MEMBERS OF THE
SCOTTISH & NEWCASTLE PENSION PLAN

 **HEINEKEN**

SPRING 2020



Robin Hoytema van Konijnenburg
Chair of Trustee Board

Welcome to the spring 2020 newsletter for members of the Scottish & Newcastle Pension Plan. This will be my last newsletter, as I am stepping down as Chair of the Trustee from 11 June 2020.

CHAIRMAN'S WELCOME

Before introducing the newsletter's contents, I feel I must first address the big issue of the day: Covid-19. At the time of writing, the UK remains in lockdown as a result of the pandemic, with many businesses facing a bleak future and many jobs lost. The Plan's administrator, Capita, continues to provide a business-as-usual service as far as possible, with many of the team working from home. However, I would like to ask you all, as far as possible, to go online first if you have any questions about your benefits, before calling the helpline. The general Plan website (www.snptions.com) has a lot of information about the Plan, and if you log in to the online portal you can see your own, up-to-date pension figures.

The outbreak has created a difficult start to 2020 for pension schemes' funding positions. Over the period from mid-February to early April 2020, we've seen sharply falling equity markets and volatile bond markets, pushing up the

value of the Plan's liabilities. However, it's important to remember that pensions are a long-term investment, so whilst the Trustees are monitoring the situation, the long-term trend is for stock markets to recover from any corrections over time. Also, unlike many other companies that are sponsoring defined benefit schemes, HEINEKEN has not asked the Trustees if it can defer the payment of deficit contributions during the crisis. And remember, the Plan has the benefit of an 'underpin' guarantee from the employer's parent company, HEINEKEN NV, which provides an extra level of security at this time.

It has been a great privilege to serve the members of the Plan, and I am confident that the Trustees will continue to take very good care of your benefits.

As well as my imminent departure from the Board, there have been other changes to the Trustee Board: Allan Whalley, one of our Independent

Directors, left at the end of last year although he has agreed to remain as the Chair of the Investment Subcommittee, so we will continue to benefit from his experience. Allan has been replaced as Independent Director on the Trustee Board by Jane Scriven. Jane is a lawyer with 19 years' experience of being a pension trustee and has considerable knowledge of all aspects of a pension scheme. She is also an experienced pension trustee chair and I am delighted to confirm that Jane will assume the role of Chair after I step down.

We'll introduce Jane in a future issue of *Here's to Pensions*, but in this issue (on page 7) we have an interview with Mark Condrón, who was appointed as an Independent Director on the Board last year.

As usual, our spring issue focuses on the Plan's financials, with pages 4 to 6 giving you more detail on income, expenditure and membership figures to 31 October 2019. If you want to see the full Annual Report & Accounts on which this summary is based, please visit the general Plan website (www.sn pensions.com) where you can download it.

I am also pleased to say we had an excellent response to the survey distributed last year with the autumn issue. The results will help us shape how we communicate with you in future and improve your experience of being a member of the Plan. The article on page 15 summarises the key findings from the survey.

One of the first steps we have taken, in response to pensioner feedback, is to make details of spouses' pensions available online through the portal. We'll let you know when this has been fully rolled out to all retired members. Deferred members are also able to view their up-to-date pension values online.

I'd like to thank the Trustee Directors, our advisers and the Plan administrators for all their hard work and advice. It has been my great pleasure to work with all of them over the years.

I wish you all good health and the very best for the future.

Robin Hoytema van Konijnenburg
Chair of Trustee Board

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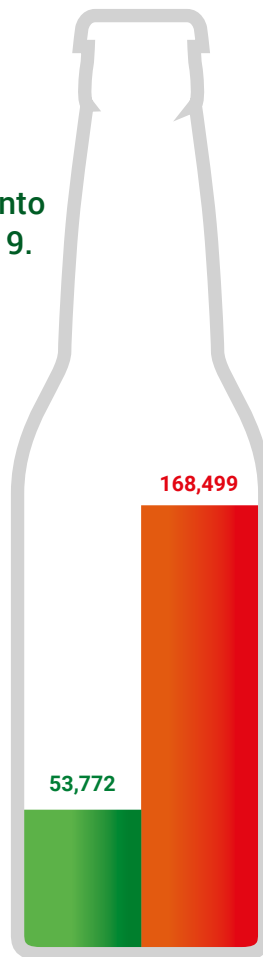
ON THE MONEY

The tables on this page summarise the payments into and out of the Plan over the year to 31 October 2019.

The Plan's independent auditor, Ernst & Young, has checked the accounts and confirmed they give a true reflection of the Plan's financial activities over the year.

If you would like to see the full Annual Report & Accounts, on which this summary is based, you can download it from the Plan website www.sn pensions.com. You don't need to log in to do this. Or, if you'd prefer to receive a paper copy, just get in touch with the Plan administrator, Capita, and they will post it to you. Their contact details are on page 16.

| PAYMENTS IN | £'000 |
|------------------------|---------------|
| Employer contributions | 42,922 |
| Other income | 8 |
| Investment income | 10,842 |
| TOTAL | 53,772 |



PAYMENTS OUT

| | |
|--------------------------------------|----------------|
| Pensions | 119,106 |
| Cash paid when members retire or die | 17,411 |
| Benefits for leavers | 22,174 |
| Professional and administrative fees | 9,808 |
| TOTAL | 168,499 |



THE BOTTOM LINE

| | | |
|---|---|---------|
| Value of Plan's assets on 1 November 2018 | | £2,999m |
| PLUS | net change in the market value of the investments | £330m |
| PLUS | payments in | £54m |
| LESS | payments out | £168m |
| Value of Plan's assets on 31 October 2019 | | £3,215m |

CHANGE IN PLAN VALUE



Please note, these figures have been rounded to either the nearest hundred thousand or million pounds.

WHO'S IN THE PLAN?

As the Plan has closed to new members, we can expect the membership numbers to reduce from year to year as members leave or draw their benefits.



| | |
|------------------|--------|
| Pensioners | 18,942 |
| Deferred members | 17,817 |
| Total | 36,759 |



| | |
|------------------|--------|
| Pensioners | 19,026 |
| Deferred members | 16,860 |
| Total | 35,886 |



| | |
|------------------|--------|
| Pensioners | 18,915 |
| Deferred members | 16,170 |
| Total | 35,085 |

MEET THE NEW TRUSTEE

Mark Condron joined the Trustee Board as an Independent Director in September last year. He has 30 years' pensions experience and was formerly a senior partner and actuary with Mercer. He sits on several trustee boards and pension scheme governance committees.



What were your first impressions of the Scottish & Newcastle Pension Plan?

There are lots of things to watch in managing a large UK pension plan. The first thing that struck me was the high degree of organisation and strong governance levels in place, to ensure that responsibilities are clear and nothing is missed. There is a big focus from both the Trustee and the company to ensure the Plan is well run and that members' pensions are looked after properly.

What other schemes do you advise on?

Aside from the Plan, I am also a member of the pension governance board for Marshall of Cambridge and I am an independent trustee director with The People's Pension, which is a large multi-employer plan. I also get involved in various projects and some voluntary work, and I really enjoy the variety and balance this gives.

What would you like to see done differently by the Plan?

The Plan operates very well indeed, thanks to the dedication of the existing Trustee Directors and the Pensions Team. Looking to the future, we will need to think more about the investments held by the Plan. As more and more members reach retirement age and start to draw their pensions, we will need to think about more income-producing assets.

What made you want to become an actuary?

Honest answer – I had no idea what an actuary was until I was in my final year at university! I was studying statistics and I really wanted to find a career that would allow me to use my numerical skills to solve real problems. Becoming an actuary allowed me to do exactly that – helping to make sure that company pension schemes hold enough money to pay for all the pension promises made to members over the years. I have been very lucky to work with some fantastic trustees, and I learned a lot from them.

What's your favourite HEINEKEN brand?

So many to choose from! I must admit, I do particularly enjoy both Heineken and Moretti, and on a hot summer day, a nicely chilled Bulmers always does the trick.

What do you like to do in your spare time?

Anything outdoors really – at some point over most weekends you will find me on a golf course (rain or shine) and I am also a keen traveller and photographer. When I am indoors, I enjoy cooking and entertaining. Our kids (19 and 21) are now studying and no longer at home, so it's a real treat if one or both are home for the weekend.

INVESTMENTS

The Plan's investment strategy, which sets out how the money that has built up in the Plan is to be invested across different asset classes, is set by the Trustee after taking advice. The day-to-day decisions about buying and selling individual investments is the responsibility of the Trustee's appointed investment managers.

The Trustee's investment strategy is set out in a document called the Statement of Investment Principles (SIP), which was last updated in December 2019.

However, as we mentioned in the autumn newsletter, the Trustee appointed a new investment consultant (Isio, formerly KPMG) to advise them on how best to invest the Plan's assets. Together, they have reviewed the Plan's investment strategy and agreed a new strategic approach; the SIP has been updated and the plan to move our investments into new areas will be put into action over the course of 2020. The chart on the next page compares the strategic asset split agreed last year with the new one that is currently being put into place.

You can download a copy of the SIP from the Plan website www.snptions.com (and you don't need to log in to do so).



INVESTMENT SPLIT

The table below shows the Plan's current strategic split (as at October 2019) and the new split in 2020.

| | 2019 (%) | 2020 (%) |
|---|--------------|--------------|
| Liability-Driven Investment/Bonds (which seek returns similar to our liabilities) | 45.0 | 30.0 |
| Corporate bonds | - | 12.5 |
| Absolute Return | 18.0 | - |
| Equities | 16.0 | 20.0 |
| Multi-Asset Credit | 5.5 | 15.0 |
| Private Markets | - | 15.0 |
| Private Markets (lower risk) | 10.5 | 7.5 |
| Private Markets (higher risk) | 5.0 | - |
| Total | 100.0 | 100.0 |

INVESTMENT PERFORMANCE

| | One year (%) | Three years (% p.a.) |
|-------------------|--------------|----------------------|
| Total Plan return | 12.9 | 7.3 |



RESPONSIBLE INVESTMENT

The Trustees believe that environmental, social and corporate governance ("ESG") issues should be taken into account in the investment process. The Trustees have delegated the evaluation of ESG factors to their appointed investment managers, for them to decide on during the selection, retention and realisation of investments. The Trustees monitor how fund managers incorporate ESG into their investment processes and have not set any restrictions on particular products or activities (e.g. investments in tobacco or mining) – although they may consider this in future.

PENSIONS NEWS

HOW MUCH WILL YOU NEED IN RETIREMENT?

The Pensions and Lifetime Savings Association (PLSA) has launched 'Retirement Living Standards', to help people picture their future retirement and understand what they need to save to achieve that.

The PLSA's research shows that only 23% of people understand how much they need to save. As part of their research, they asked consumers for their views on how much they would need to live on in retirement. This suggested that a single person will need £10,000 each year as a minimum income, £20,000 for a moderate standard of living and £30,000 to be comfortable. For couples, the equivalent numbers are £15,000, £30,000 and £45,000 each year.

It's important to consider all your sources of retirement income and not only your Plan pension. For example, you might have an old pension with a former employer that you've lost touch with, or maybe you paid into a private pension pot at one stage. Plus, for many people, their State pension will play an important part in their future retirement planning.

The PLSA has built a website where you can explore the different categories in more detail, to picture what life in retirement could look like:

www.retirementlivingstandards.org.uk

LIFETIME ALLOWANCE

The Lifetime Allowance (LTA) 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 and is £1,073,100 for the 2020/21 tax year.

If you believe the LTA might affect you, it is strongly recommended you consider speaking to an independent financial adviser (IFA). An IFA will be able to help you understand your options for addressing any LTA issues.

MONEY AND PENSIONS SERVICE

The Pensions Advisory Service (TPAS) has merged with two other government services, Pension Wise and the Money Advice Service, to form the Money and Pensions Service (MAPS). Although the public will not see any changes immediately, the aim is ultimately to bring the provision of debt advice, money guidance and pensions guidance under one umbrella.

www.moneyandpensionsservice.org.uk

PENSION SCHEMES BILL IN PROGRESS

The government's long-awaited Pension Schemes Bill was reintroduced into parliament after being delayed by the December general election. The bill covers the introduction of pensions dashboards and new powers for The Pensions Regulator.

The pensions dashboard is an idea that was introduced in 2017, to help pension savers keep track of their retirement savings. The idea is that you will be able to see the details of all your pension savings, across multiple schemes and providers, in one place. Under the government's proposals, there will be more than one pensions dashboard and you can decide which one to use. They will all need to follow the standards for sharing data that will be established by the government, with help from the pensions industry.

GOVERNMENT LAUNCHES MID-LIFE MOT

The Department for Work and Pensions (DWP) has launched a website to help people carry out a 'mid-life MOT' – basically a check-up on your finances, much as someone might receive a health check-up from their GP.

The website offers free online support to help you make decisions that will ensure the future retirement you want, looking specifically at work, health and wealth.

It includes information on the State pension and caring responsibilities and links to The Pensions Advisory Service, the Money Advice Service and Pension Wise, which have merged into the Money and Pensions Service (see page 10).

You can check it out at:

www.yourpension.gov.uk/mid-life-mot



PLAN NOTICEBOARD

PROTECTION FOR YOUR FAMILY

One of the many benefits of being a Plan member is that it may provide a pension for life to your spouse or civil partner, depending on which section of the Plan you were a member of. In certain cases, a lump-sum payment is also available if your section provides a 'five-year guarantee'.

The Trustee decides who should receive these payments, but they are guided by your wishes – which you can set out by completing an Expression of Wish form. You should review your wishes every couple of years, or if your circumstances change, to make sure they reflect your current circumstances. This is particularly true if you have a change of status, for example, if you get married or divorced, enter or leave a civil partnership or have a child.

You can complete an Expression of Wish form online. Once you have registered for the online portal and logged in, please access the 'Expression of Wish' page where your current nomination details are shown or make an update to an earlier version. This information will be held on your record and will supersede any forms you have previously completed. If you have filled out a paper Expression of Wish form, the details won't be available online but your member record will nonetheless be updated.

If you're not married or in a civil partnership, but living with someone, you can let the Trustee know that you want them to be considered as a spouse by completing an Unmarried Partner Declaration form.





FIVE-YEAR GUARANTEE

If you've been in receipt of a pension from the Plan for more than five years, or you're receiving a dependant's pension following the death of a member, no lump sum is payable on your death.

ONLINE PORTAL UPGRADES

Recent upgrades to Capita's member portal mean that more information is now available for you to view securely online.

Deferred members can see the current value of their deferred pension and what it might be worth at Normal Retirement Age. They can also see what benefits would be available from the Plan on their death before and after retirement, and the cash value of their pension if they're thinking about transferring it out of the Plan.

We are in the process of loading data onto the portal that will allow pensioners to log in and see how much pension their spouse might get if they predecease them, in addition to P60s and payslips being online. We will let you know when this has been fully rolled out.

If you're having problems using the online portal, contact the Plan administrator, Capita, on 0345 600 2086 (+44 114 273 7331 if overseas) or email snpensions@capita.co.uk

Please note, a small number of deferred members with very complex benefits won't have access to all the new features but can still update their details and view details of their deferred pension. Any deferred members who are still employed by HEINEKEN can only update their details via HR.

MEMBERS' CORNER...

TAKING ADVICE

If you're thinking about transferring your pension out of the Plan – perhaps so you can access your retirement savings more flexibly – it's important to take proper regulated financial advice. In fact, if your transfer value is higher than £30,000, it's a legal requirement to do so. Without proof that you have taken financial advice, the Plan administrator won't be able to authorise a payment out of the Plan.

If you don't have an independent financial adviser (IFA), you can find one local to you through one of these websites: **www.unbiased.co.uk** or **www.vouchedfor.co.uk**. They list IFA firms that have been approved to give financial advice by the Financial Conduct Authority (FCA).

Check that your financial adviser is not on the FCA warning list, using the ScamSmart service at **www.fca.org.uk/scamsmart**, and check the FCA's register to make sure anyone offering you advice is authorised. If they are, check they're permitted to give specialist defined benefit (DB) pension advice by calling the FCA Consumer Helpline on 0800 111 6768.

If you don't use an FCA-authorised firm, you risk not having access to compensation schemes if something goes wrong.

Before you agree to a transfer, remember that the Pensions Regulator believes it is likely to be in the best financial interests of the majority of members to remain in their DB pension scheme, rather than transfer out.



MEMBER SURVEY 2019

We received just over 2,500 responses to the member survey issued with *Here's to Pensions* last autumn, a response rate of 8%. We'd like to thank everyone who took the time to give us their feedback. The winners have been notified and their £20 HEINEKEN product vouchers have been sent to them.

THE RESULTS

The survey showed that a large proportion of members looked online for information about the Plan (42%) while around 15% said they still preferred to call the Plan administrator.

Nine out of 10 members feel they're kept up to date with issues affecting the Plan and their benefits, although around a quarter said they would like more help understanding their benefits. They rated retirement planning tools (including a budgeting tool) and easy-to-read guides as potentially the most helpful tools the Plan could provide.



Almost 9 in 10 respondents said it was easy or very easy to find information on the Plan website, **www.snppensions.com**, while a quarter said they had used the online portal to view their personal pension details. Four in ten of those who don't use the portal said they just hadn't got around to it, with only a small number of members voicing concerns about security.



WHAT HAPPENS NEXT?

The free comments fields on the survey provided a lot of detail about the sorts of questions that members are asking and the gaps in understanding that are evident in places. The Trustee will be reviewing its long-term communications plan and introducing new tools and channels to help you get the most from your membership of the Scottish & Newcastle Pension Plan. Watch this space!

CONTACT US

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**Don't forget you can access personal details, your current pension value, and update your Expression of Wish form by visiting the portal via the Plan website:
www.snpensions.com**

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.