

**SCOTTISH &
NEWCASTLE**
PENSION PLAN

Here's to **PENSIONS**

THE NEWSLETTER FOR MEMBERS OF THE
SCOTTISH & NEWCASTLE PENSION PLAN



 **HEINEKEN**

AUTUMN 2020



CHAIR'S WELCOME

I feel very privileged to be writing to you as the new Chair of the Scottish & Newcastle Pension Plan, having taken over the reins from Robin when he stepped down at the end of June.

I joined the Trustee Board at the beginning of the year and have found the Plan to be well governed and in a stable funding position. The recently agreed long-term funding agreement between HEINEKEN and the Trustee has been a particularly helpful development for the Plan.

When Robin last wrote to you, the UK and the world was grappling with COVID-19 and the resultant lockdown. Now, as we approach the winter months, we have been told by the Government to expect at least another six months of disruption to our normal lives. As your Trustee, we are monitoring the potential impact on future funding levels as a result of this crisis.

The Plan actuary last carried out a funding update as at 31 October 2019, at which point the world was a very different place. We await the results of his latest update as at 31 October 2020, which will undoubtedly show the full impact of the pandemic on the Plan's funding position – but early indications are that our investment strategy has protected the Plan from the worst of the market volatility. In fact, as at 30 September 2020, the estimated funding level had improved to 93% – thanks in part to HEINEKEN continuing to make payments into the Plan (unlike many other sponsoring employers who have asked their trustee boards for permission to defer their contributions during the pandemic).

You can read a funding update on pages 5-7, with the Plan's full Summary Funding Statement for 2019 available now on the pensions website, www.sn pensions.com

On behalf of the Trustee Board, I would like to thank all of our advisers, the Pensions Team and Capita, the Plan administrators, for their hard work and advice during this difficult period.

I hope you find this issue valuable and informative. Please get in touch with the Trustee via Capita if there's anything you'd like to see included in future issues (see contact details on the back page).

Jane Scriven
Chair of Trustee Board

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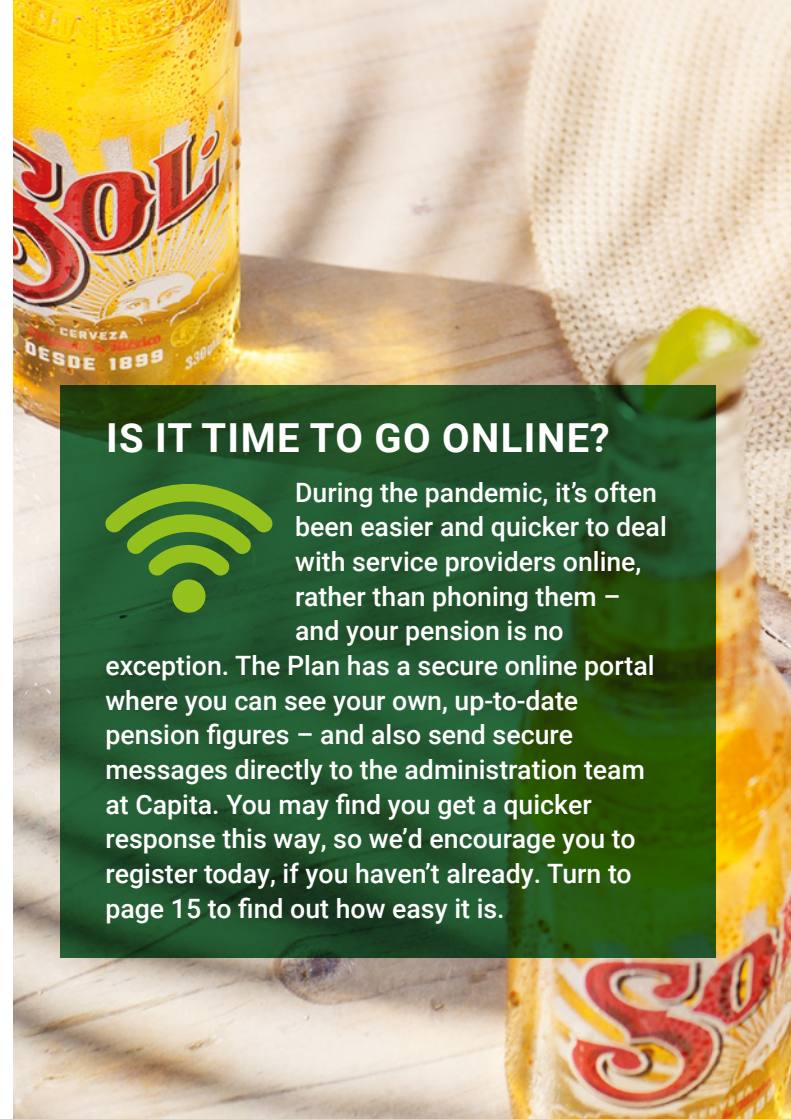
COVID-19 UPDATE

We'd like to reassure you that the Trustee and the Plan administrators, Capita, have been working hard to deliver the best possible service to our members during what has been a challenging year so far.

As soon as lockdown was announced by the Government in March, Capita took immediate steps to move 2,500 staff to a totally remote working environment – a huge logistical exercise. Within a few days, all telephone calls into the Sheffield administration office were diverted to the central telephony team based in Darlington, who were all working from home. The entire Sheffield office and all other associated Capita teams involved in the administration of the Plan were also soon working from home.

As a result of Capita's quick, decisive action, the Plan has continued to be administered to a very high standard, with minimal disruption and risk to members.

Capita has provided regular updates to the Trustee through this period, ensuring they are aware of the latest developments.



IS IT TIME TO GO ONLINE?



During the pandemic, it's often been easier and quicker to deal with service providers online, rather than phoning them – and your pension is no exception. The Plan has a secure online portal where you can see your own, up-to-date pension figures – and also send secure messages directly to the administration team at Capita. You may find you get a quicker response this way, so we'd encourage you to register today, if you haven't already. Turn to page 15 to find out how easy it is.

FUNDING UPDATE

Every three years, the actuary, an adviser to the Trustee, looks closely at the finances of the Scottish & Newcastle Pension Plan. This is called a valuation.

The most recent valuation took place as at 31 October 2018, and we shared the results with you in the autumn 2019 issue of *Here's to Pensions*. The next valuation is scheduled to take place as at 31 October 2021.

The actuary also carries out less detailed but more regular 'annual check-ups' on the Plan. The latest check-up looked at the position as at 31 October 2019, and the results are summarised on the following pages.

WHAT HAPPENS IN A VALUATION?

In a valuation, the actuary compares the estimated cost of providing the benefits that have built up in the Plan (the 'liabilities') with the amount of money held by the Plan (its 'assets'). If the Plan has fewer assets than liabilities, it's said to have a 'shortfall'. If the assets are more than the liabilities, it's said to have a 'surplus'.

While it's easy to work out the assets, the liabilities require a bit more consideration. How can we know, for example, how long a retired member might live and therefore how much they're likely to receive in pension payments during

their lifetime? We can't, which is why the actuary has to make assumptions about the future – for example, how much the investments will grow by, inflation rates and how long members will live. The Trustee and HEINEKEN also need to agree with the actuary's assumptions.

The actuary uses these same assumptions for the annual check-ups.



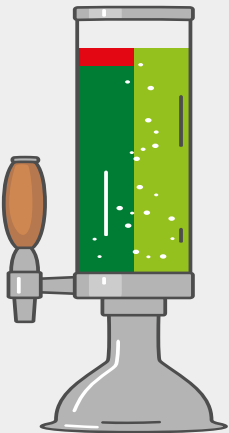
FUNDING UPDATE CONTINUED

WHAT DID THE 2019 CHECK-UP SHOW?

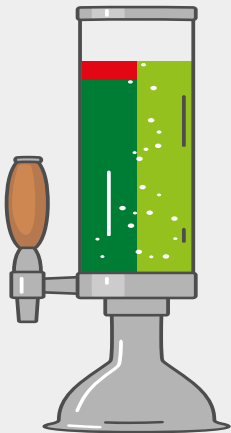
The Plan's funding position at 31 October 2019 was slightly lower than expected, mainly due to the effect of falling gilt yields which led to an increase in the value placed on the liabilities. This was offset in part by higher-than-assumed investment returns and the effect of lower inflation expectations.

Since the actuary carried out this update, there has of course been significant volatility in financial markets due to, amongst other things, the outbreak of COVID-19. The Trustee monitors the estimated funding position regularly, and there is no reason to believe that the funding position has deteriorated significantly, despite the market volatility. We hope to provide details of the actuary's report as at 31 October 2020 in the spring 2021 issue of *Here's to Pensions*.

2019 check-up



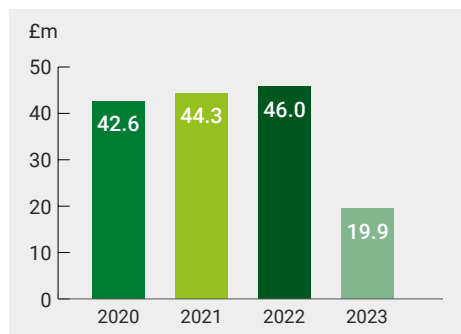
2018 valuation



	2019 check-up	2018 valuation
Funding level	92%	91%
Assets	£3,219m	£3,003m
Liabilities	£3,490m	£3,285m
Shortfall	£271m	£282m

CORRECTING THE SHORTFALL

After the 2018 valuation, the Trustee and HEINEKEN discussed what extra contributions would be required from HEINEKEN to remove the shortfall (called the 'recovery plan'). The aim is to take the Plan to 100% funded by 31 May 2023. To do this, HEINEKEN agreed to pay the following contributions into the Plan each year:



HEINEKEN has continued to pay these contributions into the Plan during this very difficult economic period, despite being given the option by the Pensions Regulator to defer payments. In addition to the recovery plan, HEINEKEN has agreed to make a contribution of £2.6m a year to cover the Plan's ongoing administration costs and levies, such as the Pension Protection Fund levy.

The Trustee and HEINEKEN also agreed a long-term funding arrangement that provides extra security to the Plan. The details are available in the autumn 2019 issue of *Here's to Pensions*, which is available on the general Plan website, www.snppensions.com. You can also download and read the full Summary Funding Statement for 2019 on the website.



PLAN NOTICEBOARD

MAKING DECISIONS ABOUT YOUR PENSION BENEFITS

With the ongoing COVID-19 situation, members with deferred pension entitlements are encouraged to avoid making hasty decisions about their pension benefits, which they might later come to regret. Don't be rushed into making decisions about your pension. A pension is a long-term saving plan and should not be used to plug short-term cashflow issues.

If you're considering transferring your pension out to another pension arrangement, make sure you get clear and relevant information from Capita, the Plan administrator, and seek regulated, independent financial advice to make an informed decision.

The Financial Conduct Authority (the FCA) has published a joint statement with The Pensions Regulator and The Money and Pensions Service, urging savers to stay calm and not rush into making any decisions about their pension in response to the crisis. If you request a transfer value quotation from Capita, they'll send you a copy of the FCA's statement.

Find out more about pension scams and how to spot them on page 10.



PENSION INCREASES

This year, the discretionary increase will be 1% for those pensioner members whose benefits entitle them to discretionary increases. This is effective from 1 November 2020. 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.

THE UK TRANSITION OUT OF THE EU

On 23 June 2016, the UK voted to leave the European Union (EU), with the exact process of leaving the EU being unclear at the time of writing. Whilst the country officially left the EU on 31 January 2020, there's a transition period which comes to an end on 31 December 2020. Much about what happens after this is, at the time of writing this newsletter, still unknown, but it's likely there will be some impacts on pension schemes in the short, medium and long term. The Trustee is liaising with its advisers to understand what the potential impacts will be for the Plan as events unfold. However, this does not affect the amount that pension members or beneficiaries are entitled to receive from the Plan.

EXPRESSION OF WISH FORMS

The Trustee strongly recommends that members complete an Expression of Wish form to let the Trustee know who they'd like any death benefits paid to. This ensures the Trustee can take your wishes into account, although please note it's not obliged to do so. Expression of Wish forms are available on request from Capita, the Plan administrator – or you can complete yours at a time that suits you through the online portal (see page 15).

LIFETIME ALLOWANCE INCREASES

The Lifetime Allowance (LTA) is the maximum amount of retirement savings that you can have at retirement from all pension schemes without facing an additional tax charge.

The LTA increases in line with inflation, as measured by the Consumer Prices Index, so in April 2020, it went up to £1,073,100 (from £1,055,000 last year).

IS IT TIME TO TAKE A 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. Take a look at: www.yourpension.gov.uk/mid-life-mot

SCAM ALERT

A major event like the COVID-19 crisis can lead to new types of scams. We urge you to be vigilant to the different types of scams that are popping up. These could be about insurance policies, pension transfers or high-return investment opportunities, including investments in crypto-assets.

Scammers are sophisticated, opportunistic and will try to get personal details or money from victims in many ways. They tend to target people who are feeling vulnerable, particularly in the current climate.

COULD YOU SPOT A PENSION SCAM?

Pension scams can be hard to spot but their effects are devastating, with many people losing their life savings. While promising high returns and low risk, in reality, pension scams can leave you with nothing. In addition, you could then face a high tax bill from HM Revenue & Customs if you withdraw your savings before age 55.

Scams often involve unusual, high-risk investments like overseas property, renewable energy bonds, forestry, parking or storage units. If it sounds too good to be true, it probably is. Anyone can be a victim of a scam, regardless of how shrewd you think you are.

Things to watch out for:

- **Unexpected contact** – cold-calling about pensions is illegal, so it's best to just hang up. Similarly, ignore unexpected emails and text messages.
- **Time pressure** – be wary of time-limited offers such as bonuses or discounts.
- **Social proof** – watch out for fake reviews.
- **False authority** – claiming to be regulated or not needing to be. You can check for unregulated firms by using the Financial Conduct Authority's (FCA) website.
- **Flattery** – being friendly with you to lull you into a false sense of security.



FURTHER INFORMATION AND GUIDANCE

We'd urge all members to avoid making hasty decisions about your pension or investments as a result of recent events.

If you're thinking about transferring your pension, please be VERY careful and check out your options thoroughly because once a transfer from a defined benefit scheme goes ahead, it's irreversible. When considering a transfer, make sure you consult an accredited independent financial adviser (IFA) who is specifically qualified to give advice about pensions. You can use the FCA's website to check if they're a regulated IFA at <https://register.fca.org.uk>

You can find out more from the government's Money and Pensions Service (MaPS) at www.maps.org.uk

For more information about pension scams and how to avoid them, go to www.fca.org.uk/scamsmart

RUNNING THE PLAN

As there have been some changes to the Trustee Board over the past 12 months, here's an update on its current make-up.

Following Allan Whalley's resignation from the Trustee Board last December, Jane Scriven was appointed to replace him as an independent Trustee.

In late June, Robin Hoytema van Konijnenburg retired as Chair of the Trustee Board after three-and-a-half years at the helm (and 12 years as a Board member). Jane Scriven was appointed as Chair in his place. This means that the Plan has an independent Trustee Director as Chair.

Robin's place as a Company-appointed Trustee has been taken up by Sandra Winstanley who works in HEINEKEN's offices in Amsterdam. More information about Sandra will be provided in the spring 2021 newsletter.

Allan Whalley, the Independent Trustee Director who resigned from the Board last year, very kindly agreed to remain as independent Chair of the Investment Committee. The Plan is very fortunate to retain Allan's knowledge and experience in this very important role.



The Board is currently made up of the following mix of independent, HEINEKEN-appointed and member-nominated Trustee Directors:

HEINEKEN-appointed Trustee Directors

Kelly Taylor-Welsh (appointed 1 July 2014)

Naomi Harding (appointed 6 July 2016)

Sandra Winstanley (appointed 1 July 2020)

Member-nominated Trustee Directors

Andy Ackerman, Technical Operator, Manchester Brewery (appointed 5 October 2009)

James Sharpe, National Contracts Manager, Star Pubs & Bars (appointed 29 March 2019)

Martin Coles – Pensioner (appointed 26 January 2015)

All the Trustee Directors have a duty to act in the best interests of all members of the Plan, irrespective of whether they were appointed by HEINEKEN or nominated by the membership.

Independent Trustee Directors (appointed by HEINEKEN)

Mark Condron (appointed 1 September 2019)

Dee Mair (appointed 1 October 2012)

Jane Scriven (appointed 1 January 2020)
– Chair from 1 July 2020

Allan Whalley (resigned 31 December 2019 but continues to chair our Investment Subcommittee)



5 MINUTES WITH...

JANE SCRIVEN

Jane Scriven was appointed as an independent Trustee Director in January 2020 and then became the Chair of the Trustee Board on 1 July 2020.



What's your background and how did you come to be a pension scheme trustee?

I started my working life as a lawyer and ended up running part of a FTSE 250 company and being on their Board. I've mainly worked in the food and beverage industry and have always had a great interest in pensions, having chaired schemes for 20 years.

What does an independent Trustee do?

As an independent trustee, we're doing just that, bringing thinking that is independent of the company to the pension scheme.

An independent trustee is not a member of the pension scheme nor

are they influenced by the wishes of the company. We're there to ensure that the pension scheme will fulfill all its obligations to you, the member.

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

I've been very impressed by how well run the Plan is and what a strong Trustee Board is in place to represent the members.

As Chair, what are your main objectives for the year ahead?

In these difficult times, it's really important to closely monitor the impact of the pandemic on all aspects of the Plan and in particular on our investments and be ready to act should we need. We also want to

make sure that members are kept fully updated and remain confident that we're taking the right actions.

What's your favourite HEINEKEN brand?

That's easy, Foster's. I used to work with the Foster's brand and have many happy memories of that time, which come back to me every time I open a can.

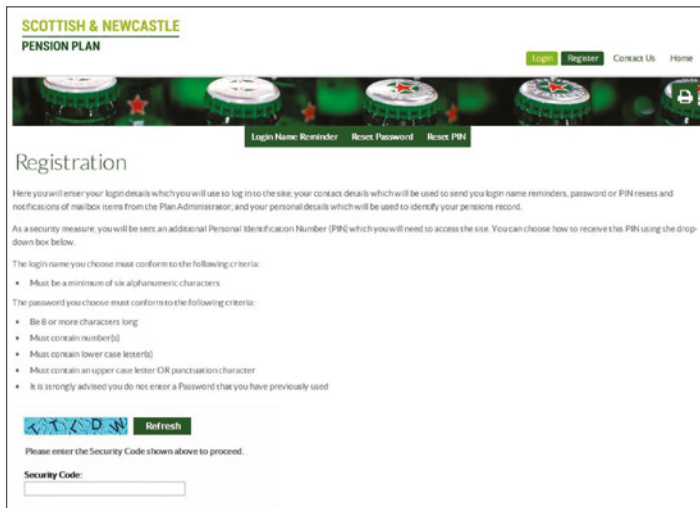
What are your hobbies?

I compete with my horse and I am currently national amateur champion in my particular part of the sport. I've taken up golf recently to try and be able to play with my husband when we're on holiday. My efforts could currently be described as 'way to go'!

ONLINE PORTAL UPGRADES

The ongoing development of the online portal has continued, even during the pandemic.

Capita has responded to member feedback by improving the 'captcha' security codes on the portal, which many of you found difficult to read and provide accurate responses to.



The screenshot shows the 'Registration' page for the 'SCOTTISH & NEWCASTLE PENSION PLAN'. At the top, there are links for 'Login', 'Register', 'Contact Us', and 'Home'. Below the header is a navigation bar with 'Login Name Reminder', 'Reset Password', and 'Reset PIN'. The main content area is titled 'Registration' and contains instructions for new users. It explains that users will receive login details, contact details, and a Personal Identification Number (PIN) via email. A security measure is mentioned: an additional PIN will be sent to identify the user's record. Below this, there are two sections for criteria: 'The login name you choose must conform to the following criteria:' and 'The password you choose must conform to the following criteria:'. The login name criteria include being a minimum of six alphanumeric characters. The password criteria include being 8 or more characters long, containing numbers, lower case letters, and upper case letters or punctuation characters. A 'Refresh' button is visible next to a security code display area. At the bottom, there is a text input field for the 'Security Code'.

To use the portal, you'll first have to register, but it's really easy. All you need is your National Insurance number and then follow the instructions online.

If you're a pensioner, you'll be able to see your monthly pension payslips as well as your annual P60s (which tell you how much tax you've paid over the last tax year). You'll also be able to update your address and bank details through the portal, without having to ring Capita.

Most of our deferred members are now able to view 'live' statements online, showing the current value of their deferred pension and what it might be worth at Normal Retirement Age, as well as transfer values if they're interested in transferring their benefits out of the Plan.

Go to **www.snptions.com** and follow the links to 'Manage your pension'.

If you're having problems using the online portal, contact the Plan administrator, Capita, on 0345 600 2086 or email **snptions@capita.co.uk**

CONTACT US

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

Telephone:

0345 600 2086

0345 600 3260 (pensioner payroll helpline)

+44 114 273 7331 (overseas)

Email:

snpensions@capita.co.uk

Address:

Scottish & Newcastle Pension Plan

Capita

PO Box 555

Stead House

Darlington DL1 9YT

Online:

www.snpensions.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.

October 2020