



SCOTTISH &  
NEWCASTLE  
PENSION PLAN

# Here's to PENSIONS

THE NEWSLETTER FOR MEMBERS OF THE  
SCOTTISH & NEWCASTLE PENSION PLAN

AUTUMN 2021



# CHAIR'S WELCOME



Welcome to the  
autumn issue of  
*Here's to Pensions.*

When we wrote to you in the spring, we gave you the result of the 2020 funding update, which looked at the Plan's funding level on 31 October 2020. We're now preparing to carry out the next full triennial valuation, which will look at the funding position on 31 October 2021. On page 4, we've listed the key tasks that the Trustee, HEINEKEN and our advisers need to carry out for this important event in the Plan's calendar.

In the last issue, we also asked any members who were interested in joining the Trustee to get in touch. I'm delighted to say we had a great response, with some very high calibre candidates, so I'd like to thank everyone who took the time to apply. The Selection Board decided to appoint Jill Adamson, a deferred member who has over 25 years' experience in tax and accounting.

Another key team involved in the running of the Plan is the Pensions Team, comprising Neil Parfrey and Janis Ireland. You can find out more about their role on page 11.

I hope you enjoy reading our member newsletter and find it useful and informative. If you've any comments or questions, or if you'd like further information about any of the topics covered, please use the contact details on the back page to get in touch.

**Jane Scriven**

Chair of the Trustee

## INSIDE THIS ISSUE

Triennial valuation 2021	4
Pensions news	6
Beat the fraudsters	9
Plan noticeboard	10
Meet the Pensions Team	11
Contact us	12

# TRIENNIAL VALUATION 2021

The 2021 actuarial valuation gets under way shortly. Here's an overview of what happens in a valuation.

## 1. The assumptions are set.

The Funding Agreement sets out the main assumptions for each triennial valuation. It was signed in 2018 by the Trustee and HEINEKEN and covers things such as the investment return and the discount rate. Other, less significant, assumptions, such as life expectancy, are agreed between the Trustee and HEINEKEN ahead of the valuation.

## 2. The actuary carries out the calculations.

The actuary – a highly trained mathematician – calculates how much money the Plan is expected to pay out for all the pensions that have been promised to members (called the 'liabilities').

## 3. The actuary compares the liabilities with the 'assets' (the money held by the Plan).

## 4. The results are given in a report to the Trustee.

## 5. The Trustee and HEINEKEN discuss how to deal with the results.

Depending on the outcome, the Trustee and HEINEKEN will agree how to proceed. If there's a deficit, as has been the case in recent valuations, a funding plan is agreed to make it good over a period of time. If there's a surplus, as is the current indicative position, discussions on how it should be used will need to take place. It should be noted that there's no provision in the Plan rules for a surplus to be returned to HEINEKEN.

## 6. Once agreement is reached, the valuation report is signed and submitted to the Pensions Regulator.

## 7. The results are shared with the Plan members.





## FINANCIAL STRENGTH OF THE EMPLOYER

The global economy took a significant hit in 2020, affecting many organisations of all sizes – and some could go out of business in 2021 and beyond. The Trustee held ongoing discussions with HEINEKEN to monitor the company's financial health throughout the pandemic. In addition, as part of normal regular good governance, the Trustee has asked Mercer to carry out a detailed review of HEINEKEN's financial position and its willingness to continue supporting the Plan (known in the business as the 'employer covenant'). The review will look at both the financial health of HEINEKEN UK and its parent company HEINEKEN NV, which provides an underpin guarantee for the Plan. All reports so far indicate that HEINEKEN's financial position remains strong.

The Trustee is expecting to have the results before the 2021 valuation gets under way.

## LOOKING AHEAD

The Pensions Regulator is encouraging (and may soon require) trustee boards to aim for a funding position which minimises any potential dependence on the sponsoring employer should the investment strategy go wrong. The Trustee has already set a longer-term funding target for the Plan to become fully funded on a lower-risk basis by 2030. This means the Trustee will reduce the dependence on returns from investments, as this always has a degree of risk – and that is risk which is underwritten by HEINEKEN.



# PENSIONS NEWS

## EARLY RETIREMENT REMINDER

We reported in the spring issue that the minimum pension age (the earliest age at which you can draw your pension unless you're in ill health) is set to increase from 55 to 57 in 2028. This change is still due to be passed into law and we'll confirm once this has happened.



## EQUALITY IN PENSIONS

Over the last few years, we've mentioned in *Here's to Pensions* an issue which had arisen from a High Court ruling regarding the equalisation of Guaranteed Minimum Pensions (GMPs). Although the case related just to Lloyds Bank's pension schemes, it's set a legal precedent which applies to many UK pension schemes, including the Scottish & Newcastle Pension Plan. The ruling affects both pensioners and members who have yet to draw their pension and might apply to you if you were a member of the Plan between 17 May 1990 and 6 April 1997.

Government guidelines on how GMPs should be equalised have now been released, and the Trustee is working with its administrators and advisers on this complex issue. The Trustee has appointed a specialist company, called Isio, to help it with this work. This will be a lengthy exercise due to the complicated calculations required with relatively small financial adjustments, if any, to be made. You don't need to take any action as we'll make contact with affected members in due course.

## A NEW ERA FOR PENSIONS

The long-awaited Pension Schemes Act 2021 covers a wide range of issues, including bringing in criminal and civil offences for pension funding negligence. It also lays the groundwork for the pensions dashboard, which aims to provide a single point of reference for members to view the information about all their pension savings in one place. It's intended that the first pensions dashboards will be available to members by 2023.

The Act also provides for the introduction of new regulations on climate change reporting. Trustees of pension schemes will need to put in place governance and strategy in relation to climate risks and opportunities.

Finally, there will also be new regulations to support trustees in blocking transfers that display pension scam red flags. Members are likely to lose the statutory right to transfer to a workplace pension scheme apart from an authorised master trust if there's no employment link between the member and the scheme.

## FIND YOUR OLD PENSIONS BEFORE THEY'RE GIVEN AWAY

A new Bill to expand the Dormant Assets Scheme to include pensions, insurance and investment assets has been introduced in the House of Lords, the first step in the process of making it law. The Dormant Assets Scheme currently redistributes money from dormant bank and building society accounts to social and environmental initiatives across the UK, in cases where the provider has been unable to contact the owner and the assets have lain unused for 15 years. The proposed expansion serves as a useful reminder to pension savers to track down any old pensions they may have. The Government has a free pension tracing service that helps people find their lost pensions. You can contact them by freephone number **0800 731 0193** or via the website: <https://www.gov.uk/find-pension-contact-details>

# PENSIONS NEWS CONTINUED

## LADIES, HAVE YOU CHECKED YOUR STATE PENSION?

A computer error at the Department for Work & Pensions (DWP) means that married women who paid a lower rate of National Insurance contributions before 1977 (known as the 'small stamp' or sometimes 'married woman's stamp') may be due a top-up to their State Pension. The DWP has said they'll be checking tens of thousands of pension records and, where underpayments are identified, they'll contact the person to inform them of the changes to their State Pension amount and of any arrears payment they'll receive in accordance with the law. LCP, the company that first brought this issue to the DWP's attention, has created a free online calculator that you can use to see if this might apply to you. You can find it here: <https://pensionunderpaid.lcp.uk.com>

## MONEYHELPER

A new Government service called MoneyHelper has been launched to provide an easy way to get free, trusted help for your money and pension choices. The services previously provided by the Money Advice Service, the Pensions Advisory Service and Pension Wise now come under the MoneyHelper name. If you go to any of their websites, you'll be redirected to the new MoneyHelper website. Go to [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)





# BEAT THE FRAUDSTERS

The Trustee and the Plan administrator, Capita, have together signed the Pensions Regulator's 'scam pledge', whereby we promise to follow the principles of the Pension Scams Industry Group's Code of Good Practice. We'll carry out checks on pension transfers and flag up where we think something looks suspicious – but you also need to play your part in protecting your pension.

## 1. Reject unexpected offers

If you're contacted out of the blue about your pension, chances are it's a scam. Pension cold calling is illegal.

## 2. Check who you're dealing with

Check the Financial Conduct Authority's (FCA) register ([register.fca.org.uk](https://register.fca.org.uk)) to make sure that anyone offering you advice is authorised. If they are, check they're permitted to give pension advice by calling the FCA Consumer Helpline on 0800 111 6768. If you use an unauthorised firm, you risk not having access to compensation schemes.

## 3. Don't be rushed or pressured

Take your time to make all the checks you need – even if this means turning down what seems to be an 'amazing deal'.

## 4. Get impartial information and advice

You should seriously think about seeking financial advice before changing your pension arrangements. In some cases, for example where your pension transfer value is worth more than £30,000, you must obtain this advice. MoneyHelper ([moneyhelper.org.uk](https://moneyhelper.org.uk)) is backed by the Government and provides free independent and impartial information and guidance.

Visit [pension-scams.com](https://pension-scams.com) or [fca.org.uk/scamsmart](https://fca.org.uk/scamsmart) to learn more about the signs of a scam.

# PLAN NOTICEBOARD



## PENSION INCREASES

This year, HEINEKEN has agreed to a discretionary increase of 1.6% to pensioner members. This is effective from 1 November 2021. The level of discretionary increase is set by HEINEKEN. While the Trustee 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.

## IMPLEMENTATION STATEMENT

The Trustee will publish its first Implementation Statement this year. This is a new requirement for trustees and the statement will cover how the Trustee has implemented the policies in the Plan's Statement of Investment Principles, principally focused on the Trustee's Responsible Investment policies. The Trustee considers stewardship as a key part of Responsible Investment and the statement includes the Trustee's stewardship of assets, including any important votes by the Plan's asset managers. The Implementation Statement, along with the Statement of Investment Principles, can be found at: <https://www.snptions.co.uk/about-the-plan/library/>

# MEET THE PENSIONS TEAM

The Plan employs a Pensions Team of two people, Neil Parfrey and Janis Ireland, both of whom have significant pension, investment and benefits experience. Neil and Janis have worked together for eight years, and are responsible for ensuring that the Plan is fully compliant with regulations and legislation, is properly governed and runs smoothly.

Neil is Head of Pensions and has worked in the industry for more than 40 years. He's primarily responsible for strategy, policy, risk management and investment matters. Neil's also Chair of the HEINEKEN UK Flexible Retirement Plan's Governance Committee.

Janis, who has worked on the Plan for over 20 years, is the Pensions Manager. She's responsible for ensuring that the Plan's administration runs smoothly and acts as Secretary to the Trustee and all of its committees.

As we've covered in previous issues, the Plan operates with a committee structure, with each having its own Terms of Reference. The Pensions Team ensures that all meetings are scheduled, agendas produced, minutes taken and, most importantly, any actions are carried out.



It's also responsible for the submission of regulatory documents and managing relationships with the Plan's advisers.

We're very lucky to have such an experienced and long-serving team who ensure the smooth operation of the Plan.

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

**Address:**

Scottish & Newcastle Pension Plan

Capita

PO Box 555

Stead House

Darlington DL1 9YT

**Online:**

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