



Here's to **PENSIONS**

SPRING 2024



WELCOME

"We are keen to provide information that you will find useful in the coming years"

It's our valuation year, which means the Trustee, HEINEKEN and the Plan actuary are already discussing how to approach this important funding assessment. A valuation takes place every three years on a particular date – in our case, 31 October.

The valuation is important because it tells us whether the Plan needs more money from the Company and also whether we need to make any changes to how we invest the Plan's assets.

You can read about the 2023 funding check-up on page 4. The actuary carries out these less detailed checks in the years between full valuations to track progress. As you can see, this showed that the funding level at 31 October 2023 had remained relatively stable at 96%, a 1% reduction since the 2022 funding check-up.

In 2018, the Plan signed a Funding Agreement with HEINEKEN. This prescribed the funding and investment assumptions for all valuations up to and including 2030, essentially strengthening the basis at each successive

valuation. Because of our strategy and market events, the Plan has already taken the step to reduce investment risk that was not expected until later in 2024, so we are ahead of where we expected to be at this point in time.

Since the last newsletter in the autumn, HEINEKEN has appointed a new Trustee Director to the Board. Martin Keene works in Herefordshire as the Head of Department for Packaging; find out more about him on page 14.

Towards the end of 2023, we completed a project related to the equalisation of Guaranteed Minimum Pensions (GMP). As we have reported previously, GMP benefits for men and women had to be equalised, which meant we had to recalculate some members' pensions. This was a complex process that took a long time, but I am delighted to say that this has been successfully completed.

INSIDE THIS ISSUE

As a Trustee Board, we have also been working with our advisers to review our governance, investment and administration practices in line with a new set of governance requirements from the Pensions Regulator, called the General Code. This came into force in March 2024. We are pleased to say that the way we run the Plan is already largely compliant with the new code.

The Plan's Directors are keen to promote the use of online technology and direct you to the refreshed member portal. If you haven't signed up for it yet, I encourage you to do so. If you need a reminder of how to register, please turn to page 12.

We are keen to provide information that you will find useful in the coming years, so please do let us know if there is anything you would like to see covered in a future newsletter. If you have any questions or comments, please get in touch with us via the contact details on the back page.

We hope that you enjoy reading this newsletter.

Jane Scriven
Chair of the Trustee Board

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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.

Before the valuation can take place, we need to agree on the assumptions the actuary will use (for example, what inflation might be like in the future), because even just a small difference one way or the other can have a large impact on the Plan's estimated liabilities.

The most recent valuation took place as at 31 October 2021, and we shared the results with you in the spring 2022 issue of *Here's to Pensions*. The next valuation is scheduled to take place as at 31 October 2024. We have to provide you with a report on the actuary's findings within 15 months of the valuation date, but we hope the results will be available sooner than that.

The actuary also carries out less detailed but more regular 'annual check-ups' on the Plan. The latest check-up showed that the Plan's funding position at 31 October 2023 was lower than expected, mainly due to lower-than-assumed investment returns which decreased the value of the Plan's assets.

WHAT DID THE 2023 UPDATE SHOW?

2023 update

Adjusted assets
£2,156m

Liabilities
£2,240m

Shortfall
£84m

Funding level
96%

2022 update

Adjusted assets
£2,455m

Liabilities
£2,537m

Shortfall
£82m

Funding level
97%

2021 valuation

Adjusted assets
£3,560m

Liabilities
£3,596m

Shortfall
£36m

Funding level
99%

As the Trustee invests the Plan's assets to match movements in the Plan's liabilities to a certain extent, the rising gilt yields that contributed to a fall in the Plan's asset value also led to a fall in the value of the Plan's liabilities. The Trustee continues to monitor the situation closely but notes that the funding position has remained strong throughout this volatile period.

WHAT HAPPENS IF THE PLAN CLOSES?

As part of the valuation, the actuary also looks at the funding level if the Plan was wound up (that is, the Plan was closed and the Trust ended). HEINEKEN has confirmed that it currently has no intention of winding up the Plan; we are just giving this information to help you understand the security of your benefits.

If the Plan had wound up as at 31 October 2021 (the date of the last full valuation), the actuary estimated that the Trustee would have had to pay an insurance company £4,585 million to provide all the benefits in full. This would have left the Plan with a shortfall of around £1,025 million, and a funding level of 78%. The funding level on winding up is therefore estimated to have improved since the 2018 valuation, when it stood at 70%.

The Trustee aims to have enough money to pay pensions and other benefits to members as they fall due, rather than having to pay an insurance company to provide the benefits, which can be very expensive.

PENSION PROTECTION FUND

The Pension Protection Fund (PPF) was set up in 2005 to compensate members of eligible UK pension schemes which are wound up when the employer is insolvent and the scheme does not have enough assets to cover members' benefits. All eligible pension schemes are required to contribute to the PPF by paying a levy each year. HEINEKEN has agreed to pay this levy for the Plan. Further information is available at: www.ppf.co.uk

WHAT IS THE ROLE OF THE PENSIONS REGULATOR?

The Pensions Regulator has the power to intervene in the funding of a pension scheme. The Plan has not been modified by the Regulator, is not subject to any directions from the Regulator and is not bound by a schedule of contributions imposed by the Regulator.

HAVE ANY PAYMENTS BEEN MADE TO HEINEKEN?

No. We can confirm there have been no payments made to HEINEKEN from the Plan over the last 12 months.

ON THE MONEY

- This page provides a summary of the 2022/23 financial accounts of the
- Scottish & Newcastle Pension Plan, which are independently audited by RSM.

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You can view the full Annual Report & Accounts on the Plan website: www.snptions.com

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THE BOTTOM LINE

On 1 November 2022 the Plan was worth

£2,378.3m



On 31 October 2023 the Plan was worth

£2,080.6m*

*The asset value above differs from the value on page 4 as the treatment of certain assets in the accounts is different from that under the Plan valuation.

Payments in

	£'000
Employer contributions	30,341
Investment income	53,504
Total	83,845

Payments out

	£'000
Pensions	137,658
Cash paid when members retire or die	16,280
Benefits for leavers	5,966
Interest payable	9,037
Professional and administrative fees	11,601
Total	180,542

CHANGE IN PLAN VALUE

2021 **£3,446m**

2022 **£2,378m**

2023 **£2,081m**

Although the value of the Plan's assets has decreased, the funding position remains broadly stable.

WHO'S IN THE PLAN?

At 31 October 2023 there were just over 31,700 members in the Plan, with overall numbers reducing by 893 over the year.



INVESTMENTS

As we approach the 2024 valuation, our main focus will be to further secure the sound funding position of the Plan, primarily by carefully considered changes to our investment strategy.

We are focusing on reducing the risk from the investments held by the Plan and to sensibly react to changes in market conditions. We take advice from professional advisers in formulating the investment strategy, which is set out in a document called the Statement of Investment Principles. This is available on the Plan website, www.snppensions.com

INVESTMENT PERFORMANCE

The Trustee sets a long-term performance target for the Plan (called the benchmark), against which the Plan's performance is measured. The performance over the year and three-year period to 30 September 2023 is set out in the table below.

	One year (%)	Three years (% p.a.)
Total Plan return	-5.4%	-9.0%
Benchmark	-3.7%	-8.7%

The value of the Plan's assets has fallen over the year, mainly due to higher interest rates, which have reduced the value of the Plan's bond and Liability Driven Investment (LDI) portfolios.

At the same time, higher interest rates mean that the value of the Plan's liabilities has also reduced, so overall in funding terms the Plan continues to be ahead of where it was anticipated to be when the Funding Agreement was signed in 2018. The Trustee and its advisers continue to focus on maintaining a strong funding level, regardless of changes in asset levels or liabilities.

ACTUAL ASSET ALLOCATION (at 31 October 2023)



● Liability Driven Investments (LDI)*	29%
● Private markets	26%
● Higher yielding credit	15%
● Corporate bonds	14%
● Long lease property	9%
● Equities	7%

*LDI assets are designed to move in line with the Plan's ability to pay future pensions.

CLIMATE CHANGE REPORT

A copy of the latest annual TCFD report, covering the Plan year to 31 October 2023, is available on the Scottish & Newcastle Pension Plan website.



MEMBERS' CORNER

UPDATE ON CAPITA CYBER ATTACK

It has been a year since the Plan administrator, Capita, was targeted in a cyber attack that resulted in the personal data of several large UK pension schemes being exfiltrated. To date, there has been no evidence to suggest that any member data has been misused or that it is available illegally, including on any third-party websites. Capita continues to monitor the 'dark web' and will alert the Trustee if any suspicious activity is detected. Should anything concerning be flagged to the Trustee, members will be notified without undue delay.

Affected members were given access to an online monitoring tool run by Experian, a leading identity protection service, free of charge for a period of 12 months. This service also included access to a dedicated specialist advice team to help guide members on how to protect themselves from fraud.

We would urge all members to remain vigilant about identity theft and scams, especially if you receive contact from companies out of the blue, including cold calls, emails or texts, no matter how trustworthy or official they seem.



SCAM ALERT

Please remember to be vigilant to the threat of scams and make your friends and family aware of the risks, too. Generally, a scam will be one of four types:



Telephone scams, where criminals try to trick you over the phone by posing as someone from a trustworthy organisation such as your bank or pensions provider.



Doorstep scams, where a scammer poses as a trader, a charity collector or someone in need of help.



Postal or mail scams, where material is posted to your address and you're offered large amounts of money in return for a small fee.



Online scams, where criminals pose as legitimate websites or send persuasive emails to get your personal and financial information.

You can sign up for a free scam alert service from Which, which can help you spot and avoid the latest scams. Sign up here: www.which.co.uk/consumer-rights/scams



**STOP
SCAMS
UK**

www.stopscamsuk.org.uk has a useful service called 159. If you think someone is trying to trick you into parting with your money or personal details, hang up and call 159 to be put straight through to your bank.

Report suspicious emails to report@phishing.gov.uk and forward dodgy-looking texts to 7726. You can also call Action Fraud to report a scam (0300 123 2040).

LUMP SUM LIMITS

The government has replaced the Lifetime Allowance (LTA) with two new lump sum limits. These probably won't apply to most members but if you think you may be affected, you should consider taking financial advice.

You can usually take up to 25% of your pension as a tax-free lump sum. The new Lump Sum Allowance (LSA) limits this to £268,275, unless you have previously applied to HMRC for LTA protection (in which case a higher limit may apply).

There is also the Lump Sum and Death Benefit Allowance (LSDBA), which restricts the amount of lump sum death benefits that can be paid tax free from all registered pension schemes to £1,073,100 (unless you have LTA protection, in which case a higher limit may apply).

YOUR PENSION AT YOUR FINGERTIPS

Capita has updated its online member portal, giving it a modern look and feel, as well as several improvements to improve the user experience:

- Multi-factor authentication has been added to the login process, for added security.
- A secure mailbox has been added so that members can communicate directly with Capita online. It is also now possible to attach multiple documents when using the 'contact us' options.
- HMRC-compliant versions of pensioner payslips and P60s are now available to download and print.
- In the unfortunate event of the death of a member, their next-of-kin can now complete an online notification of bereavement without needing any login details.

Capita will roll out more improvements later this year, which will include giving deferred members the ability to retire online. You'll be able to request a retirement quotation and then, if you want to put your pension into payment, complete all the required 'paperwork' through the portal.

You can access the portal through the Plan website at **www.snpensions.com** – simply click on 'Manage your pension'. The first time you use the online portal, you'll need to register. All you need to register is your National Insurance number, and then follow the instructions online. If you forget any of your login details (login name, password or PIN), you can request a reminder.



TRANSFERRING YOUR BENEFITS

Please remember you are entitled to transfer your benefits at any time up to 12 months before your Normal Retirement Age to a new employer or an alternative approved pension arrangement.

The law requires that for a transfer value of over £30,000 to proceed, independent financial advice must first be obtained. The Trustee recommends that you always seek independent financial advice when considering your options.

Transfer value quotations are only guaranteed for a three-month period. Members might like to consider arranging an appointment with an independent financial adviser prior to requesting a transfer value, to ensure that any advice can be prepared within the three-month window.

Members are entitled to one transfer value every year free of charge. If you need a new transfer value quotation within this period, the Plan will charge for this additional transfer value.

Please be careful of any cold callers who encourage you to transfer your money out of the Plan without taking proper advice, offer high investment returns, rush you to make a decision or suggest you can receive all your money as cash. This could be a pension scam.

You can find out more about pension scams and how to spot them on the Pensions Regulator's website:
www.thepensionsregulator.gov.uk/en/pension-scams



5 minutes with Martin Keene



... We recently welcomed our newest Trustee Director, Martin Keene,
... to the Trustee Board.

What is your current job title and what does your job involve?

I am Head of Department for Packaging at our Hereford Cider site. This is a busy role, responsible for all aspects of high-speed cider and beer packaging into cans, bottles and kegs.

How long have you worked for HEINEKEN?

I've worked for HEINEKEN for over 14 years.

Why did you want to become a Trustee Director?

I am quite analytical and have had an interest in the financial sector and investing for many years, so having the opportunity to learn more about the sector and how pensions are managed was a good opportunity and very different from my day-to-day role.

What's your favourite HEINEKEN brand?

Moretti, but don't tell my cider-making colleagues.

What do you like to do in your spare time?

I have many hobbies, including investing and speculating, brewing, outdoor activity and creative metal work. But most of all I enjoy spending time with my family.

What's the one thing you'd like to do when you retire?

Keep busy.



CONTACT US

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

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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.