

Emerson UK Pension Plan

# PENSION NEWS 2021

The newsletter for members of the Defined Contribution (DC) Section of the Emerson UK Pension Plan (the Plan)



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## CHAIRMAN'S INTRODUCTION

**Welcome to the latest edition of Pension News containing articles and news items to keep you informed and help you make your pension-related decisions.**

Sadly, we entered 2021 with the pandemic still affecting all our daily lives and the Trustee Board would like to take this opportunity to express our hopes that our members and their loved ones remain safe. The better news is that the vaccine roll-out is providing us all with the hope that, at least in the UK, we are beginning to see light as we emerge from the other side of this health crisis.

The Trustee Board has continued to hold regular virtual meetings to ensure that key pension issues remain in focus and the coming few months will be extremely busy for the Plan.

You will see an important announcement in this newsletter that the Trustee Board has decided to transition away from Capita and consolidate all our pension administration with Buck. You will receive updates over the coming weeks but for now you need take no action and can continue to work with your current administrator.

We continue to develop the [www.oneemerson.co.uk](http://www.oneemerson.co.uk) website and have incorporated a 'budget planner' that we hope you will find helpful in assessing your financial needs in retirement.

David Meade  
Chair of the Trustee Board



## The Trustee and its advisers

The Plan is run by a corporate Trustee – Emerson UK Trustees Ltd. The Trustee’s role is to act in the best interests of all members and beneficiaries, and to ensure that the Plan is run properly and in accordance with the law. To do this the Trustee Board currently has 10 Trustee Directors:

Company-nominated	Member-nominated
David Meade, Chairman	George Amabile
Martin Fernandez	Sharon Love
John Gallagher	Ashley Munden
Phil Lamb	Paul Smith
David Rabe (retired 1 December 2020)	
Jeremy Rowley	
Willy Vandormael	

The Trustee Directors appoint various professional advisers to ensure the Plan is run to the highest possible standards:

<b>Actuary</b>	Edwin Sheaf, Towers Watson Limited
<b>Administrator</b>	Capita Pension Solutions Limited (changing to Buck)
<b>Secretary to the Trustee</b>	Pam Sohi, Towers Watson Limited
<b>Custodian</b>	Northern Trust
<b>Auditor</b>	KPMG LLP
<b>Investment managers</b>	Aviva, BlackRock, Legal & General Investment Management, Scottish Life, Royal London, Clerical Medical
<b>Banker</b>	National Westminster Bank Plc
<b>Legal adviser</b>	Baker McKenzie LLP
<b>Investment adviser</b>	Towers Watson Limited

## Administration transition from Capita to Buck

Capita have been the administrators of the Emerson UK Pension Plan since 2007 and Buck have administered the V&C defined benefit pension plans since Emerson’s acquisition of that business from Pentair in 2017.

In 2020, the Trustee decided to consolidate all administration services into one provider and, advised by Muse Advisory, specialists in pension administration services, asked for proposals from a number of UK-leading providers.

Buck were appointed following a rigorous interview and selection process throughout the second half of 2020 and the handover of administration services from Capita to Buck began in February 2021. This is projected to complete in the fourth quarter of 2021.

The decision to change was not taken lightly, and the Trustee is confident that Buck will provide a first-class service to all employed, deferred and pensioner members. Changing administrators is a significant undertaking and the Trustee continues to work closely with Buck to ‘bed down’ the new service.

The Trustee will provide updates on a regular basis as we work through the handover but in the meantime please continue to contact your existing administrator until otherwise notified.

# PROTECT YOURSELF FROM PENSION SCAMS

## Avoiding a pension scam – what to look out for

As a result of the increased market uncertainty caused in part by the COVID-19 global pandemic, financial regulators continue to see a surge in pension scams. It is suspected that fraudsters will prey on people's vulnerability and trick them into taking money out of their pension pots.

The tactics that scammers use are evolving all the time, but there are some red flags which you can easily look out for to avoid falling victim to a pension scam.

**Reject unexpected offers** - If you're contacted out of the blue about a financial opportunity, it's likely to be high risk or a scam. Be wary of any free offers and if you receive a marketing call about your pension, the best thing you can do is to hang up. Also watch out for text messages with misleading links. Scammers will try and entice you any way they can.

**Don't be pressured or rush into anything** - During the current climate you may be worried about the security of your pension. It's important you don't rush into a decision as criminals try to take advantage of any fears you may have. If you do make any decisions, take your time, do your research and make sure that your pension is safe.

**Always check who you are dealing with** - Check the **Financial Services Register**, which will tell you if the company who is contacting you is registered by the Financial Conduct Authority (FCA). Also be wary of 'clone' companies using a similar name. If in doubt, check the register and use the contact details provided there – not the ones given to you. Review the FCA warning list to check out a pension or investment opportunity, to make sure that the company is authorised by the FCA and it's not a scam.

**Get help and advice** - If you are seriously considering moving your pension, consider getting financial guidance or advice from either MoneyHelper or an independent financial adviser before you make any final decision.

ScamSmart is an FCA regulated website providing information on how to avoid investment and pension scams. Visit [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart) for more information.

## Don't forget to check out the COVID-19 InfoHub

We have created the Emerson UK Pension Plan COVID-19 InfoHub, home to all the latest information you need to know about your pension and COVID-19.

Go to the InfoHub to get:

- The latest updates on COVID-19 and your pension
- FAQs to help with any queries you may have
- Information to help you avoid and recognise pension scams
- Links to other useful pension services and information

Take a look at the dedicated page at [www.oneemerson.co.uk/coronavirus-infohub](http://www.oneemerson.co.uk/coronavirus-infohub)

Summary account for the year ended 31 March 2021 (DC Section only):

<b>Paid in</b>	<b>£000s</b>
Company contributions	5,544
Employee contributions	5,861
Transfers in	335
Other income	-
<b>Total paid in</b>	<b>11,740</b>
<b>Paid out</b>	<b>£000s</b>
Benefits paid or payable	(1,095)
Payment to and on account of leavers	(4,970)
Administration expenses	(126)
<b>Total paid out</b>	<b>(6,191)</b>
Net additions/(withdrawals) from dealings with members	5,549
<b>Returns on investments</b>	<b>£000s</b>
Investment income	-
Change in market value of investments	25,089
Net returns on investments	25,089
Net increase in the Plan during the year	30,638
Transfers between Sections	2,720
Net assets of the Plan as at 1 April 2020	104,443
Net assets of the Plan at 31 March 2021	137,801

## Membership statistics for the DC section:

	Active members	Deferred members	Pensioner members	Total
Members at 1 April 2020	1,626	2,613	-	4,239
Members at 31 March 2021	1,439	2,889	-	4,328

Please note that due to reporting deadlines, opening figures have been adjusted when compared to previous years.

# INVESTMENT REPORT

## Investment returns

This section gives you a brief overview of the investment returns for each of the funds available to you in the DC Section of the Plan.

The table below shows the time-weighted returns from the DC Section's assets over the 12 months to 31 March 2021:

Fund	Fund return (%)	Benchmark return (%)
Global Equity 70:30 Index	40.77	41.03
UK Equity Index	28.81	28.77
World (ex UK) Equity Index	39.02	39.27
All Stocks Gilt	(5.83)	(5.72)
AAA-AA-A Corporate Bonds	4.11	4.5
Over 5y Index-Linked Gilts	(1.82)	(1.72)
Pre-Retirement	2.63	3.11
Cash	(0.04)	0.03
Diversified	20.80	43.45

The table shows that the majority of the asset class returns were in line with their benchmark.

## Management charges

Fund	Annual fee (%)
Global Equity 70:30 Index	0.19
UK Equity Index	0.12
World (ex UK) Equity Index	0.18
All Stocks Gilt	0.10
AAA-AA-A Corporate Bonds	0.15
Over 5y Index-Linked Gilts	0.10
Pre-Retirement	0.15
Cash	0.12
Diversified	0.20

You can view details of the investment funds at: [www10.landg.com/SAuthGateWeb/login.html](http://www10.landg.com/SAuthGateWeb/login.html) (Google Chrome is the preferred browser for viewing.)

## Savings limits for 2021/22 tax year

### The Annual Allowance (AA)

This is the amount you can add to your pension benefits each year without incurring a tax charge. For the 2021/22 tax year, most people will have an AA of £40,000.

If you are a high earner (e.g. if your income, excluding pension costs is more than around £200,000 per year), you may have a lower, tapered AA. You can check if this applies to you at [www.tax.service.gov.uk/pension-annual-allowance-calculator](http://www.tax.service.gov.uk/pension-annual-allowance-calculator)

You can also carry forward any unused AA for up to three years. This allows you to have pension savings in excess of the AA in a certain year and pay no tax. The AA for the current tax year must be used before any previous years' AA is brought forward.

### The Lifetime Allowance (LTA)

This is the total amount of retirement savings you can build up over your working life without incurring an additional tax charge. It includes the value of the benefits you build up in all registered pension schemes and not just the benefits in your current pension scheme. The State Pension does not count towards the LTA.

For the 2021/22 tax year, the standard LTA is £1.073 million. If your pension savings exceed the LTA, this could result in a tax charge of 55% on the excess (25% if you take the excess as income rather than a lump sum). Not many people are likely to be affected by this but, if you think you are, you can find out more at the HM Revenue and Customs website [Protect your pension lifetime allowance](#). Alternatively, you may wish to consider taking advice from a professional financial adviser.

### Money Purchase Annual Allowance (MPAA)

This applies if you have taken defined contribution (DC) benefits flexibly, such as through a drawdown arrangement. If you have started to access any benefits flexibly elsewhere and want to continue paying contributions to the Plan, your AA will reduce to £4,000 for defined contribution payments. If you are also making payments to a defined benefit type scheme, you will still have an overall AA of £40,000, of which the most you can use for defined contribution benefits will be £4,000. You will need to notify Capita or Buck that you have flexibly drawn benefits elsewhere and they will provide information about your AA.

Remember: it is your responsibility to monitor your position against the pension tax allowances.

## Introducing the budget planner

We've created a new budget planner to help you work out how much income you may need to live comfortably in retirement.

Simply enter how much you think you're likely to spend in retirement each year and our budget planner will automatically work out the income you're going to need to meet these costs. You can then work backwards to figure out how much you should look to be saving into your pension pot today to give you a good chance of getting there.

Access the budget planner now through the Plan website at [www.oneemerson.co.uk/retirement-planning/budget-planner](http://www.oneemerson.co.uk/retirement-planning/budget-planner)

## Expression of wish reminder

In the event of your death, the Trustee is responsible for deciding who your pension should be paid to. You can help the Trustee with this decision by completing an expression of wish form. This is the best way to ensure your wishes are taken into account when the Trustee makes its decision.

Your personal circumstances may change over time, as may your wishes regarding who you would like to receive your cash lump sum/pension (depending on your membership category) when you die. It is therefore important that you keep your expression of wish form up to date. The form also allows you to add any additional information you feel would be relevant for the Trustee to know when determining your beneficiaries.

Out-of-date forms that do not match up with the member's wishes when they die can cause lengthy investigations by the Trustee into who should receive the resulting pension benefits. This can in turn cause delays in payment.

It is important to make sure all your personal information is up to date so that we can provide you with accurate information about your pension and, in due course, pay your benefits on time.

## OTHER USEFUL WEBSITES



**Age UK** — [www.ageuk.org.uk](http://www.ageuk.org.uk)

Information about pensions as well as a free advice line (0800 678 1602).



**Citizens Advice** — [www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)

Free, independent and confidential guidance online as well as your local Citizens Advice centre.



**Financial Conduct Authority (FCA)** — [www.fca.org.uk](http://www.fca.org.uk)

The FCA regulates financial service firms and financial markets in the UK. They aim to make markets work well – for individuals, businesses and for the economy as a whole.



**Money Saving Expert** — [www.moneysavingexpert.com](http://www.moneysavingexpert.com)

Founded by journalist Martin Lewis, this website aims to provide information and articles that could save you money. It includes areas such as pensions and finance.

## WHERE TO GET HELP

If you have any questions about anything in this newsletter, or your benefits in general, please contact the Plan Administrator, Capita Pension Solutions Limited.

You can also contact the Plan Administrator if you would like to see the full Report and Accounts, from which the summary on page 5 is taken.

Emerson UK Pension Plan  
Capita  
PO Box 555  
Stead House  
Darlington  
DL1 9YT

Telephone: 0345 601 0607  
Email: [emerson@capita.com](mailto:emerson@capita.com)

### The OneEmerson website

The website provides plenty of information about your benefits and you can also update some of your personal details using the forms provided. Visit [www.oneemerson.co.uk](http://www.oneemerson.co.uk) to learn more. If you have any problems using it, please call 0333 222 0082.



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