

Member Update

October 2022



Chairman's update



Welcome to the latest Update for the Plumbing & Mechanical Services (UK) Industry Pension Scheme (the Scheme).

Inside this Update you will find a summary of the Scheme's funding position, accounts and how the assets of the Scheme are invested, along with further Scheme information and news which I hope you will find useful.

If you have not yet reached the Scheme's normal retirement age, this Update accompanies your Annual Pension Certificate, which shows the amount of pension you will receive each year in today's money if you retire at your Normal Retirement Date. If you have any questions about your certificate or your benefits in the Scheme, please contact us using the details on the back page. I also remind you to remain vigilant for pension scams – see page 9 for more information.

During the year, we continued the project to review and modernise the Scheme's governance structure – see page 3 for more information.

It is really important to have a strong and capable team that can dedicate the time required to run the Scheme. I would like to thank the Board of Directors, our staff and our team of external advisers who have worked hard over the year to make sure

members receive the benefits to which they are entitled. I would like to express particular thanks to Steve Syson who retired from the Board in July 2022 after nearly 13 years' service.

Please give us your email address to make it easier for us to send you information about your Scheme benefits. Please also remember to tell us when your contact details change. If you think the details we hold for you are out of date, you can get in touch using the contact details on the back page.

I hope you find this Update helpful and relevant. We welcome your feedback and ideas for topics you would like to see covered in a future issue.

Jon Bridger
Trustee Chairman
Plumbing Pensions (UK) Ltd

Scheme governance changes

Inside this issue

Scheme governance changes	page 3
Financial health check	page 4
Membership	page 6
Summary of Scheme accounts	page 7
Investing the Scheme's assets	page 8
Beware of pension scams	page 9
Your benefits in the Scheme	page 10
Contact details	page 12

We wrote to you last year about changes that we were considering making to the Scheme's governance structure. **The proposals do not change the benefits that you have in the Scheme.** They only affect how the Scheme is managed in future.

We have begun to implement the proposals. This involves setting up a new Employer Company to represent all employers in the Scheme and recruiting new people to join the Boards of the Administration and Trustee Companies.

We are making good progress and we hope the new structure will be in place by the end of the year.



Financial health check

The Trustee has to arrange for an actuary to carry out a formal financial assessment (called an actuarial valuation) at least once every three years to check how the Scheme is doing.

The latest actuarial valuation was carried out as at 5 April 2020 and showed that the Scheme's assets covered 98.6% of the Scheme's liabilities, equating to a shortfall of £31 million.

The Trustee consulted the employers and a Recovery Plan was agreed to eliminate the shortfall by November 2027 through the assumed outperformance of the Scheme's assets relative to the assumed prudent investment return in the valuation. Employers do not need to pay deficit recovery contributions as part of this Recovery Plan.

In the years between formal valuations, the actuary reviews the Scheme's funding position, but these check-ups are less detailed. The check-up at 5 April 2021 showed the Scheme had a funding level of 99.5% and a shortfall of £11 million, and the most recent check-up at 5 April 2022 showed that the Scheme had a funding level of 99.7% and a shortfall of £7 million. The funding level has remained broadly the same as the change in liabilities over the year has been broadly matched by the change in assets due to the liability-driven investment strategy performing as expected (see page 8 for more details).



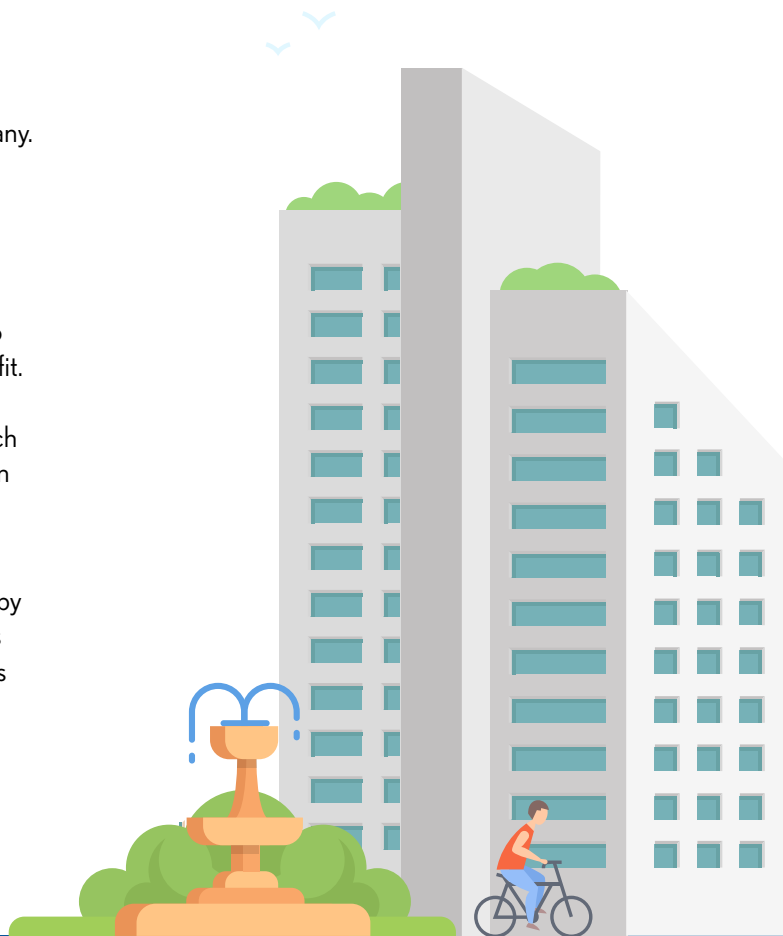
Other information

A pension scheme is a long-term arrangement. The actuary is required to look at the Scheme's financial position in the hypothetical situation that it had discontinued at 5 April 2020 and had to secure members' benefits with an insurance company. It does not imply that there is any intention to discontinue the Scheme.

On this 'solvency' basis at 5 April 2020, the assets were estimated to cover around 79% of the liabilities. This is lower than the ongoing funding level because insurers are obliged to take a very cautious view of the future and need to make a profit. By contrast, the ongoing basis assumes that the Participating Employers will continue to exist and support the Scheme, which can therefore adopt a less cautious investment strategy than an insurance company.

As required by law, we confirm that no changes, directions or schedule of contributions have been imposed on the Scheme by the Pensions Regulator, and that there have been no payments out of the Scheme's funds to any of the participating employers since the date of the last statement.

The Trustee will continue to monitor the Scheme's funding position. The next formal valuation is expected in April 2023.



Membership

Members who leave the Scheme but who do not retire immediately are called deferred members. The Scheme also provides benefits to many thousands of pensioners and their beneficiaries.

At 5 April, the number of members in the Scheme was:

	2022	2021
Deferred members	18,857	19,701
Pensioners & beneficiaries	13,335	13,107
Total	32,192	32,808



Summary of Scheme accounts

The table below provides a summary of the Scheme's income and outgoings for the year ended 5 April 2022.

There is very little income because members and employers stopped paying contributions when the Scheme closed to new contributions on 30 June 2019. The Scheme receives most of its income from its investments, which includes a bulk annuity policy that covers most of the pensioner payroll.

The Scheme's outgoings include benefit payments of pensions, lump sums, death benefits, transfers to other pension schemes and payments towards the Scheme's running costs.

If the actuary identifies a funding shortfall in a future valuation of the Scheme, the employers may need to pay money into the Scheme to remove the shortfall.

	£m
Fund at 5 April 2021	2,225
+ Total income for the year	0
- Total outgoings for the year	62
- Net investment losses during the year	3
Fund at 5 April 2022	2,160

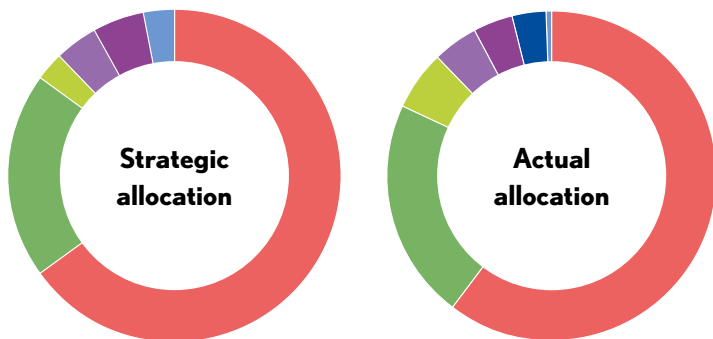


Investing the Scheme's assets

One of the Trustee's most important duties is to invest the Scheme's assets. The Trustee takes advice from a professional investment consultant, who helps it set a suitable investment strategy and monitor the Scheme's investment performance.

Over the year to 31 March 2022, the Scheme's assets, excluding the bulk annuity insurance policy, achieved a return of 2.7%. This was 0.9% below the target set by the Trustee because the Scheme was not fully invested in its long-term asset allocation.

This chart shows how the Scheme's assets were split between different investment types at 5 April 2022, excluding AVCs which are held separately. Over the year, the Scheme continued to move towards the long-term investment strategy shown below.



Asset class	Strategic allocation	Actual allocation
● Liability-driven investment	65%	60.5%
● Credit	20%	21.5%
● Property	3%	5.9%
● Public equities	4%	4.5%
● Inflation-protecting illiquid assets	5%	3.8%
● Cash	0%	3.5%
● Illiquid assets	3%	0.3%
Total	100%	100%

*Liability-driven investment (LDI) is an investment strategy that aims for the assets of the Scheme to change in value in a similar way to the liabilities of the Scheme.

Beware of pension scams

Scammers use various tactics to get hold of your money. Some scams are easy to spot and avoid, but others are much more sophisticated. Knowing what to look for is one of the best ways to protect yourself:

- If it sounds too good to be true, it probably is.
- Be suspicious if you are pushed into making a quick decision. Any legitimate company who calls you won't mind if you hang up and call them back later. Scammers won't want you to have time to think about it or seek help.
- There is a ban on cold calling about pensions. This means you should not be contacted by any company about your pension unless you've asked them to call.
- If you receive an unexpected email, always check the address. If it's a scam, the email address might not match up with the company's name and may include misspellings or random numbers.

- Scammers can make their telephone numbers look like one you trust, such as your bank or pension company. This is known as number spoofing. Don't be afraid to contact the company directly to check if the message is real.

We will never make unsolicited calls to you or ask for personal financial information such as bank details. If you receive an unexpected call, make sure you don't hand over any personal details.

If you think you might have fallen victim to a scam:

- Contact Action Fraud on 0300 123 2040. In Scotland you should report the scam to Police Scotland on 101.
- Beware of follow-up scams.
- Check your credit file.

For more information about pension scams and how to avoid them, go to **www.fca.org.uk/scamsmart** or **www.thepensionsregulator.gov.uk/en/pension-scams**



Your benefits in the Scheme

If you haven't retired, you will have many important questions to answer as you approach retirement, such as 'how much money will I need when I retire?', 'when should I take my retirement benefits?' and 'what are my options?'.

Preparation is key to a successful retirement journey. If you have not yet retired, the Pension Certificate we send you each year shows the pension you could get when you retire.

Your Normal Retirement Date in the Scheme is usually your 65th birthday (or your 60th birthday if you are a female member who left the scheme prior to 1 December 1990), but you can choose to retire earlier or later than this. We will write to you shortly before your Normal Retirement Date with information about your retirement options.

You may be able to transfer your Scheme benefits to a different pension arrangement. Transfers must be completed before you retire and before your 66th birthday. We recommend you take independent financial advice if you are considering this option and leave enough time because the transfer process can take 3-6 months to complete.

There are also pension and lump-sum benefits payable to your loved ones in the event of your death. The Trustee decides who will receive these death benefits, but they will take into account your wishes. To help the Trustee make sure the right people receive these benefits, please keep your expression of wishes form up to date. You can download a form from our website or contact our helpline: 03457 65 65 65.

You can find information to help you plan how much money you might need when you retire and what you can do to give yourself more money in retirement at:

www.retirementlivingstandards.org.uk

We're always happy to help if you have any questions about your retirement or death benefits in the Scheme. We have a dedicated team of trained customer services representatives on hand to talk you through your options. We don't set a limit on the length of calls, to make sure we give the right level of support to each caller.

Protecting the value of your pension

If you are in receipt of a pension from the Scheme, the amount you are paid is reviewed each year and increased in accordance with the Scheme Rules. Different increases apply to different parts of your pension depending on when they were 'accrued'. The table below shows how the different pension increases are calculated:

Pension accrued before April 1997	No increases
Pension accrued between April 1997 and 2005	Consumer Price Index capped at 5%
Pension accrued after April 2005	Consumer Price Index capped at 2.5%

If you contributed to the Scheme before 1997 and you're a man over age 65, or a women over age 60, your pension is likely to include what's called a Guaranteed Minimum Pension or GMP. Different increases set by the Government apply to GMP pensions.

If you have not yet retired from the Scheme, your pension receives an annual bonus, in accordance with the Scheme Rules. You can find information about the 2022 bonuses in your Pension Certificate.



Minimum pension age to increase

The minimum pension age will increase from 55 to 57 in April 2028. You will still be able to take your Scheme benefits before the minimum pension age if you are in ill health.

Contact details

Please contact us if you have any questions about your Scheme benefits or if you would like a copy of any Scheme documents:

Through our website: www.plumbingpensions.co.uk

By telephone: 03457 65 65 65

By email: info@plumbingpensions.co.uk

By post: Plumbing Pensions (UK) Ltd, Bellevue House,
22 Hopetoun Street, Edinburgh EH7 4GH

It's important that you tell us if your personal details change so we can stay in touch with you. We would also like to know your email address so we can communicate with you more easily.

Scheme documents

You can ask for a copy of key Scheme documents including the Report & Accounts, the Statements of Funding and Investment Principles, the Schedule of Contributions and the annual Scheme funding reports.

Help with your pension

We cannot give you individual advice. You may find these websites useful:

Government-backed advice on pensions, money and debt:

www.moneyhelper.org.uk

Find a trusted independent financial adviser:

www.vouchedfor.co.uk

The Pension Protection Fund:

www.ppf.co.uk



Designed and produced by Wordshop
Our environmental and data protection policies can be seen online.
www.wordshop.co.uk

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