



Plumbing Pensions



ANNUAL MEMBER  
UPDATE  
2017

# WELCOME

## Welcome to the 2017 Annual Update for the Plumbing & Mechanical Services (UK) Industry Pension Scheme ('Scheme').



As usual, if you have not yet retired, this year's update accompanies your Annual Certificate of Pensions Credit. Your certificate sets out the current amount of pension you will receive each year in today's money if you retire on your 65th birthday. If you have any questions about your certificate or your benefits in the Scheme, please contact us using the details on page 11.

Every 3 years the Trustee carries out a financial health check, called an actuarial valuation, to check whether the Scheme holds enough money to pay member benefits. Work on the 2017 valuation has begun. Further information is provided on page 4.

During the year, the Trustee purchased a bulk annuity policy with Legal & General. You can read about this and find out how the Scheme's assets are invested on page 7.

The new 2017 benefit scale was introduced in April 2017. Please note that employee and employer contribution rates will increase from 6 April 2018 for all members not on the 2017 benefit scale. Further details are set out on page 5.

During the year, there were a number of personnel changes in the Administration Company and on the Trustee Board. You can find information on page 5.

We would like to send you regular updates about your benefits in the Scheme but we need to know your current contact details including your email address. Please remember to tell us when your personal details change. If you think the details we hold for you are out of date, please get in touch using the contact details on page 11.

Please take a moment to check out our new website ([www.plumbingpensions.co.uk](http://www.plumbingpensions.co.uk)) where you can find helpful information about the Scheme's benefits and how the Scheme operates.

I hope you find this year's update helpful. If there is anything that you would like to see covered in a future issue, please let us know using the contact details on page 11.

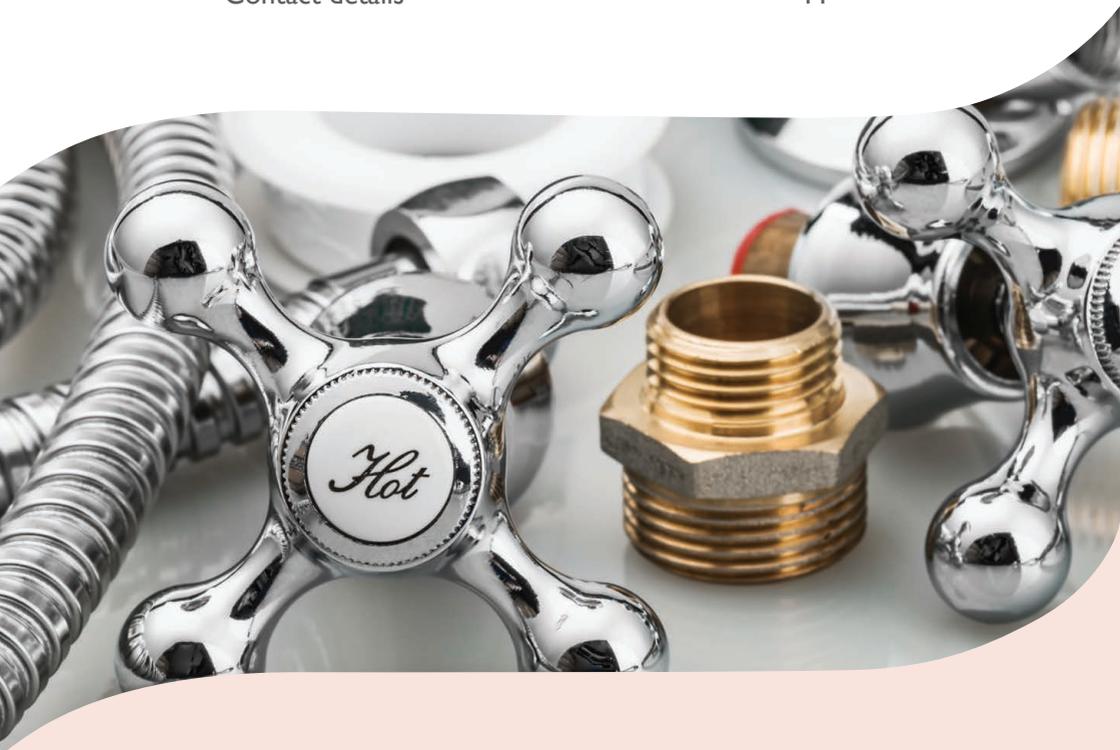
“ “

**Did you know you can check your State Pension Age and find out how much your State Pension might be on this website?  
[www.gov.uk/state-pension-age](http://www.gov.uk/state-pension-age)**

” ”

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# FUNDING UPDATE

The Scheme Actuary provides regular valuations and advises the Trustee on funding matters. The valuations provide an assessment of the Scheme's funding position. This helps the Trustee and the Scheme's three constituent organisations – SNIPEF, APHC and Unite – reach agreement on the contributions payable to the Scheme.



Nicola MacKay  
Scheme Actuary  
Willis Towers Watson

## Valuing the Scheme

The Scheme has a formal financial assessment (called an actuarial valuation) at least once every three years. The latest actuarial valuation was carried out as at 5 April 2014. Work has begun on the 2017 valuation and the actuary will report on the figures in Spring 2018.

An update was carried out on an approximate basis at 5 April 2016 by the actuary. This showed that the assets covered 87% of liabilities at 5 April 2016.

Initial analysis suggests that the Scheme's funding position has improved since April 2016, but future investment returns might be lower than previously assumed. This would increase the cost of providing future benefits. The Trustee must reach agreement on the 2017 valuation and the future pension contribution rates with the three constituent organisations which represent employers and members (SNIPEF, the APHC and Unite).

# FUNDING UPDATE

## **Rates of contributions**

Employee and employer pension contribution rates will increase again from 6 April 2018 for all members not on the 2017 scale. This was agreed following the consultation that took place in Autumn 2015. Please contact the administration team if you wish to enquire about moving to a lower cost benefit scale.

## **Where can I get more information?**

If you have any more questions, or would like any further information, please contact the Scheme using the contact details on page 11.



If you want to track down an old pension,  
did you know The Pension Tracing  
Service can help?

[www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details)



# SUMMARY OF SCHEME ACCOUNTS

The Scheme's income comes from member and employer contributions, along with returns from the Scheme's investments. The new bulk annuity policy provides a regular income-stream to cover the current pensioner payroll. Throughout the year, the Scheme makes benefit payments of pensions, lump sums, death benefits, short service refunds and to other pension schemes for members who transfer their benefits.

There is more money going out of the Scheme than coming in so the Scheme regularly sells some of its investments. This is normal for a Scheme like ours where there are significantly more people receiving pensions than paying into the Scheme.

**A summary of the Scheme's income and outgoings for the year ending 5 April 2017 is shown below.**

	£m
Total income for the year -	12.1
Total outgoings for the year +	(54.7)
Total returns on investments =	345.6
Net increase in fund during the year	303.0

Fund at 5 April 2016 +	1,626.8
Net increase in fund during the year =	303.0
Fund at 5 April 2017	1,929.8

# SCHEME ASSETS

The Trustee takes advice from an Investment Consultant who helps them set an investment strategy which is appropriate for the required level of investment returns and risk the Scheme and its participating employers are able to support. Below you can find more information about the Scheme's assets and where they are invested.

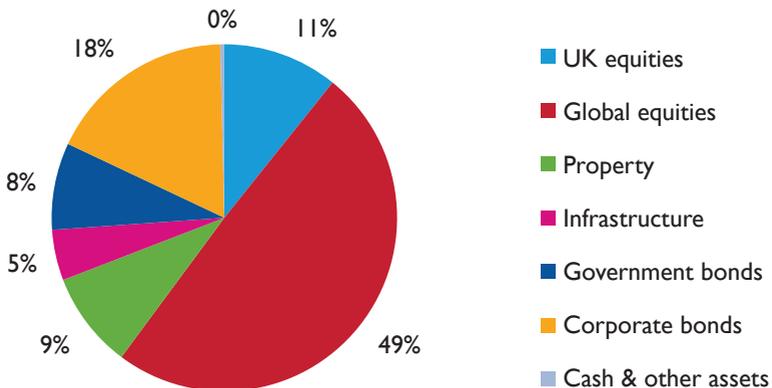


Pratik Patel  
Investment Consultant  
Aon Hewitt

The Trustee recently exchanged nearly £570m of the Scheme's assets primarily government and corporate bonds and cash, raised by selling a small amount of UK equities, for a bulk annuity policy with Legal & General. This will help to control and reduce risk in the Scheme and reduce the likelihood of a funding shortfall arising.

**The asset allocation of the Scheme at 31 March 2017, excluding AVCs which are held separately, is shown below.**

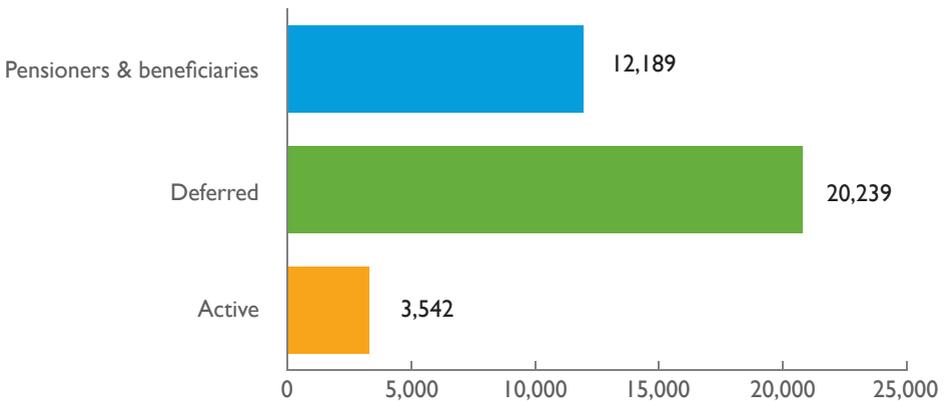
## ASSET ALLOCATION AT 31 MARCH 2017



# MEMBERSHIP

The Scheme provides benefits to many thousands of pensioners and their beneficiaries. Membership of the Scheme is always changing. New employees of existing employers can join the Scheme and become contributing (active) members. Members that leave the Scheme but who do not retire immediately are called deferred members.

## NUMBER OF MEMBERS AT 5 APRIL 2017



Be aware of pension scams, if it sounds too good to be true, it probably is! If you have any concerns or need help contact the Pensions Advisory Service. [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)



# SCHEME CHANGES

## **Contribution rates**

Remember that employee and employer contribution rates will increase again from 6 April 2018. For details see the member handbook on our website [www.plumbingpensions.co.uk](http://www.plumbingpensions.co.uk).

## **Section 75 employer debt**

The Trustee continues to take professional advice and lobby government about a complex piece of pension legislation, which says employers must pay a large exit charge (a 'section 75 employer debt') when they leave the Scheme. The legislation affects employers ceasing to operate the Scheme. It does not affect member benefits built up in the Scheme.

## **Keep your details up to date.**

It is important to keep your details up to date. You can complete a form online to tell us about address changes. We also need to know who you would like to receive the lump sum death benefits that may be payable after you die. You can complete and return the Expression of Wish form included or download a form from our website [www.plumbingpensions.co.uk](http://www.plumbingpensions.co.uk).

## **People Changes**

Mickey Tuff retired from the Trustee board. We thank Mickey for his help in the running of the Scheme and wish him all best in his retirement.

Since we last wrote to you, we have also said goodbye to Robert Burgon, Pensions Manager and Stuart McDonald, Operations Manager and welcomed Stephen Graham, Employer Technical Support Manager and Michael Lee, Special Projects and Compliance Manager.

## **Scheme Website**

We are excited to launch the Scheme's new website. We hope you will find the new site user friendly and informative. Please feedback any comments to [info@plumbingpensions.co.uk](mailto:info@plumbingpensions.co.uk).

## **Know your State Pension Age**

The State Pension Age is the earliest age you can claim your State Pension and depends on when you were born. State Pension Age is increasing to 65 for women between 2010 and 2018 and then to 66, 67 and 68 for both men and women. You can check your State Pension Age by going to this government website: [www.gov.uk/state-pension-age](http://www.gov.uk/state-pension-age)

If you have spent at least 20 hours a week caring for someone, you could be entitled to Carer's Credit. This helps to fill gaps in your NI record, which may increase your entitlement to the State Pension.

## **Minimum Retirement Age**

The Government is increasing the minimum retirement age from 55 to 57 in April 2028.

## **Pension Scams**

Pension scams are on the increase and scammers have a variety of tricks to catch you out. Scammers may persuade you to access your pension savings before age 55. If you do this, you could face significant tax charges and may never see your pension savings again. Please check the facts before you make an irreversible decision. You can find more information about pension scams from the Pensions Advisory Service website: [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk).

## **Data Protection**

You may have heard that data protection laws are changing. The new rules will put additional requirements on pension scheme trustees, their advisers and scheme administrators, as well as providing additional rights for scheme members. The Trustee recognises the importance of securing the data entrusted to the Scheme and will implement any additional measures required by the new rules. We will provide further information on this in next year's Annual Update.

# CONTACT DETAILS

**Please contact us if you have any questions about your Scheme benefits:**

By our website: [www.plumbingpensions.co.uk](http://www.plumbingpensions.co.uk)

By telephone: **08457 65 65 65**

By email: [info@plumbingpensions.co.uk](mailto:info@plumbingpensions.co.uk)

Or by post: **Plumbing Pensions (UK) Limited, Bellevue House  
22 Hopetoun Street, Edinburgh, EH7 4GH**

We cannot give you individual advice. Please see contacts below for advice.

The Pensions Advisory Service (TPAS)  
[www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

The Money Advice Service  
[www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk)

A website set up to help individuals find a local independent financial advisor: [www.unbiased.co.uk](http://www.unbiased.co.uk)