



Plumbing Pensions



ANNUAL MEMBER UPDATE 2018



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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



Welcome to the 2018 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 Pension 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 see whether the Scheme holds enough money to pay member benefits. Preliminary results for the valuation as at 5th April 2017 showed that the Scheme's funding position had improved since the previous funding check at 5th April 2016. Subsequent funding updates show that the Scheme has more than enough assets to meet all benefits that members have already built up, which is great news.

Benefits earned in future are met by employer and employee contributions, rather than existing Scheme assets. The Actuary has said the Scheme's contribution rates need to increase to cover the cost of new benefits. In response to this the Trustee has considered various options. Further information is provided on page 4.

During the year, the Trustee purchased a bulk annuity policy with Legal & General. This is excellent news for members and employers as it reduces risk, provides extra protection and improves the overall security of member benefits. The Trustee has also agreed significant changes to reduce investment risk and crystallise some of the recent good investment performance. You can read about this and find out how the Scheme's assets are invested on page 7.



The Trustee recently reviewed the AVC scheme for members who have paid extra contributions. We will contact members with AVC savings in the new year about this.

We take data security very seriously. During the year we spent time reviewing our arrangements to make sure they are appropriate, fit for the future and comply with the new data protection regulations called GDPR. Further information can be found on page 10.

During the year, there were several personnel changes on the Trustee Board. On your behalf, I would like to express my sincere gratitude to every member of the Board and the Head Office team without who's unstinting support, we would not be able to provide you with the level of service to which we aspire. You can find information on page 9.

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. To improve our member records, the Administration Company is running a prize draw for a £50 Marks & Spencer voucher open to all members who send us their email address before 31 December 2018. Further details can be found on our website: www.plumbingpensions.co.uk

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.

I hope you find this year's update helpful and relevant. 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.

Alan Pickering CBE
Trustee Chairman
Plumbing Pensions (UK) Ltd

The Scheme Actuary provides regular valuations and advises the Trustee on funding matters. The valuations provide a financial health check 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 as at 5 April 2017 is underway but not yet completed due to ongoing consultations about the scheme's future benefit design. The most recently completed formal actuarial valuation was carried out as at 5 April 2014. This showed that the assets covered 101% of the Scheme's Technical provisions (the present value of the benefits promised).

Preliminary results of the 5 April 2017 actuarial valuation show that the Scheme was fully funded, which means it had sufficient assets to pay all member benefits. However, the Scheme Actuary has said the Scheme's contribution rates need to increase as the cost of building up new benefits in future has increased. In light of this, the Trustee and the constituent organisations considered different options such as reducing or changing the benefits that active contributing members build up in future or increasing the contributions that employers and members pay.

It is not possible to finalise the formal 2017 actuarial valuation until the consultation process on the Scheme's future design and contribution rates has been completed. The Pensions Regulator has been asked to extend the deadline to complete the valuation. We will write to you again when the valuation is concluded.

Rates of contributions

Employee and employer pension contribution rates increased again in April 2018 for all contributing members not on the 2017 scale. This was agreed following the consultation that took place in autumn 2015.

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



SUMMARY OF SCHEME ACCOUNTS



Plumbing Pensions

The Scheme's income comes from member and employer contributions, along with returns from the Scheme's investments. The bulk annuity policy provides a regular income-stream to cover most of the 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.

A summary of the Scheme's income and outgoings for the year ending 5 April 2018 is shown below.

	£m
Fund at 5 April 2017	1,929.8
+ Total income for the year	42.8
- Total outgoings for the year	55.8
+ Net increase in fund during the year	88.1
= Fund at 5 April 2018	2,004.9

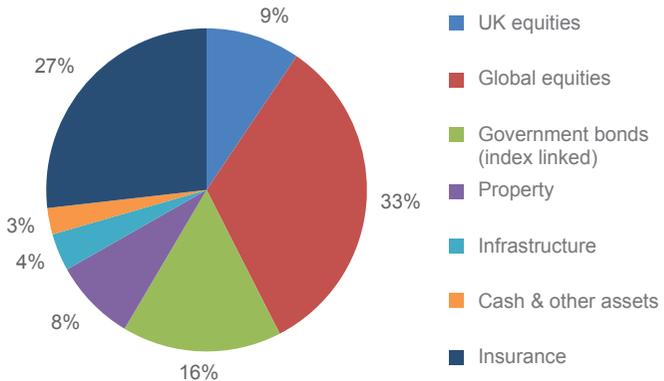
The Trustee takes advice from an Investment Consultant who helps them set an investment strategy which is appropriate for the required level of investment returns and risk the Scheme and its participating employers are able to support. Below you can find more information about the Scheme's assets and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

The asset allocation of the Scheme at 31 March 2018, excluding AVCs which are held separately, is shown below.



Pratik Patel
Investment Consultant
Aon Hewitt

Asset Allocation at 31 March 2018

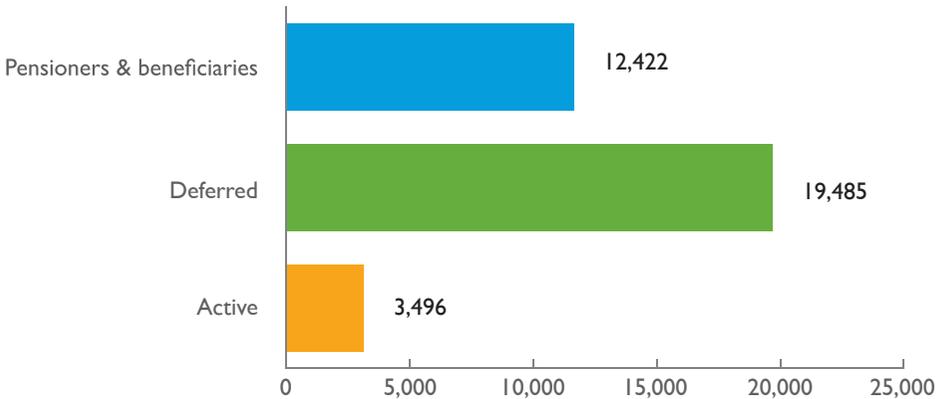


In June 2017 the Trustee purchased a bulk annuity policy with Legal & General using the government and corporate bonds the Scheme held plus a small amount of UK equities. Legal & General pays the Scheme regular monthly sums which match almost all the payments the Scheme makes to pension members. This will help to control and reduce risk in the Scheme and reduce the likelihood of a funding shortfall arising in future.

Since June 2017, the Trustee has agreed further changes to the Scheme's investment strategy to reduce risk and volatility. This involves selling equities to crystallise some of the recent excellent investment returns and investing in less volatile assets such as government bonds and property.

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 2018



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



Section 75 employer debt

During 2017/18, the Trustee received advice from a senior lawyer called a QC 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. The Scheme has not been able to calculate these 'employer debts' before now because the legislation is not easy to apply and it has been very difficult to obtain all the data needed. The Trustee has consulted employers on its proposed calculation method. The Scheme Actuary will begin calculating employer debts during 2018/19.

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 or contact our helpline.

Protection for your family

Scheme membership provides valuable lump sum and pension benefits for your family if you die while you are a contributing member or within 5 years of retiring. The Trustee decides who will receive the benefits, but they will take into account your wishes. To help the Trustee make sure the right people receive these valuable benefits please regularly complete and send us an expression of wishes form. You can download a form from our website or contact our helpline.

People Changes

During the year the number of Directors on the Board reduced when Gordon Matheson, John Breakell and Mickey Tuff retired. We would like to wish them all the best with their retirement and thank them for their contributions to the Board. A second independent Trustee Director, Jon Bridger of KB Independent Trustees Ltd was appointed in November 2017. Jon's appointment will improve the knowledge & experience on the Board while the smaller board size will improve overall governance.



Retirement Age

The State Pension Age is the earliest age you can claim your State Pension and depends on when you were born. Between December 2018 and October 2020, State Pension Age will gradually increase from 65 to 66 for men and women. You can check your State Pension Age by going to this government website: 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. The Government is increasing the minimum retirement age from 55 to 57 in April 2028. The Scheme's normal retirement age remains unchanged at 65.

Scottish Tax Rates

From 6 April 2018, Scottish taxpayers pay different rates of income tax to members living in other parts of the UK. If you are a Scottish taxpayer your tax code will have a prefix "S". The Scheme automatically deducts income tax from pensions in payment using the tax codes notified to us by HMRC.

Pension Scams

We have previously warned about pension scams as fraudsters have a variety of tricks to catch you out. We will never call you and ask for your bank or credit card details. You should remain vigilant against anyone who promises high investment returns or options not available under the Scheme. Any pension offer that sounds too good to be true is likely to be a scam, which means you could face significant tax charges and may never see your pension savings again. Please check the facts before you make an irreversible decision. The Pensions Regulator has published a helpful booklet which you can find here: www.thepensionsregulator.gov.uk/pension-scams.aspx

Looking after your data

We wrote to you in the spring to tell you about the new data protection laws and the steps we take to keep your data secure. We need to hold some personal data about you (such as your date of birth and your earnings) to make sure you receive the correct benefits from the Scheme. The Trustee is fully committed to protecting your information and acting in accordance with your rights under the new data protection laws. You can find further information in our Privacy Notice on our website. From time to time we need to share data with other organisations such as the Scheme Actuary. When we do this, we take steps to ensure they meet our data security standards. The Scheme Actuary has a separate obligation to provide information to you about how your personal information is used to provide actuarial services. You can see this at: www.willistowerswatson.com/personal-data

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

By our website: www.plumbingpensions.co.uk

By telephone: **03457 65 65 65**

By email: 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

The Money Advice Service
www.moneyadvice.org.uk

A website set up to help individuals find a local independent financial advisor: www.unbiased.co.uk