Plumbing Pensions
Plumbing & Mechanical Services (UK) Industry Pension Scheme

Commonly Asked Questions

1. ***Why are you closing the Scheme?***
The Trustee, employers and Constituent Organisations believe the increase in pension contributions required to keep the Scheme open would be unaffordable, even if the cost was shared differently between employers and employees. Closing the Scheme to future benefit accrual allows the Trustee to manage the Scheme prudently and make sure members receive the benefits they have already built up.

2. ***What can I do if I don't want the Scheme to close?***
You should provide feedback to your employer. The Trustee and Constituent Organisations will consider all feedback received during the employer consultations before reaching a final decision.

3. **Why do pension contribution rates need to increase again?**
Member and employer contributions are invested to fund future pension payments. The level of investment returns the Scheme expects to get in future has reduced since the last review in 2014, which means more money must be set aside now.

4. ***Is the Scheme in trouble?***
No, the Scheme is not in trouble. The Scheme Actuary has told the Trustee that the Scheme is expected to have enough money to pay all members' benefits in full based on the assets held by the Scheme and the investment returns expected from those assets in future, which is excellent news. However, the Trustee cannot allow members to build up new benefits without increasing the pension contribution rates to reflect the true cost of providing those benefits.

5. ***What happens next?***
The Scheme Trustee has asked employers to consult their employees about the Scheme closure proposal before 31 March 2019. Employers will provide consultation feedback to the Trustee to consider in April 2019 before the Trustee decides whether to proceed with the Scheme closure. Any changes to the Scheme's benefits and contribution rates require the agreement of the Constituent Organisations and the Trustee's consent.

6. ***When is the Scheme likely to close?***
The proposal is that the Scheme closes to future accrual no sooner than 30 June 2019. The actual closure date if the proposal goes ahead will depend on the time it takes to reach agreement on the legal changes required and the time it takes employers to put in place alternative pension arrangements.

7. ***What pension will I get in future?***
If the Scheme closes, shortly after the closure date you will receive a statement showing the Scheme benefits that you built up to the closure date. Your benefits in the Scheme will be preserved for you and revalued each year until you retire, reach age 65, die or transfer them to a different pension arrangement.

   If the Scheme closes, you will not build up any new pension benefits in the Scheme after 30 June 2019. The pension benefits you build up in future will depend on what new pension arrangement your employer chooses to put in place for you.

8. *What happens to my benefits in the Scheme?*
If the Scheme closure goes ahead, it will only affect the pension benefits you earn after 30 June 2019. Member and spouse's (where relevant) benefits earned up to the point the Scheme closes are protected by law and the Scheme's Rules and can't be reduced. Your Scheme benefits will be paid when you retire, die or choose to transfer them to a different pension arrangement.

9. *I was about to retire. How does the Scheme closure affect me?*
You can still retire and draw your Scheme pension. You should use the contact details in this leaflet to request a retirement quote. If your retirement date is after the Scheme closes to future accrual, you will not build up any further benefits in the Scheme after it closes. If you join the new pension arrangement your employer puts in place for you when the Scheme closes, you will also receive retirement benefits from that pension arrangement.

10. *What happens if in future I am too ill to work?*
If you are too ill to work for your Scheme employer and you have not yet reached Normal Retirement Date (your 65th birthday) you may be able to take early retirement on incapacity grounds with Trustee consent. This would not change after the Scheme closes to future accrual. You can find further details about incapacity pensions in the Scheme booklet.

11. *What happens if I die?*
If you die after the Scheme closes but before you retire the following Scheme benefits would be paid to your dependents:

- A spouse's pension based on 50% of the benefits you have built up in the Scheme. (No spouse's pension is payable in respect of contributions paid on the 2017 Benefit Scale.)
- A lump sum of the contributions you have paid into the Scheme plus interest. **Please note, this could be significantly lower than the death benefit payable if you died while you were a contributing member.**

Your employer may put in place a new life insurance arrangement for you, which could provide additional benefits if you die.

12. *Can I transfer my Scheme benefits to my employer's new pension plan?*
Yes. If the Scheme closes you will become a deferred member and your benefits built up to the date of closure will be preserved for you and revalued each year until you retire, reach age 65, die or decide to transfer them to a different pension arrangement. Further information about transferring your Scheme benefits to a different pension arrangement will be sent to you if the Scheme closure goes ahead.

13. ***What are the risks of transferring out of the Scheme?***
Transferring your benefits out of the Scheme is an irreversible decision. If you are considering a transfer, you should take independent financial advice. Beware of anyone who offers you a deal which seems too good to be true. Pension scammers will do whatever it takes to get their hands on your retirement savings. You can find out how to spot the signs of a pension scam and protect yourself against fraudsters by visiting the Pensions Regulator's website: www.thepensionsregulator.gov.uk/pension-scams

14. *What happens if the Scheme runs out of money?*
The Trustee has a responsibility to manage the Scheme's assets carefully to make sure there is enough money to pay all member benefits. The Scheme pays annual contributions

to the Pension Protection Fund (the “PPF”), which is a lifeboat scheme for UK occupational pension schemes. If a pension scheme doesn’t have the support of a solvent employer and doesn’t have enough money to pay all members’ benefits in full the PPF will take over responsibility for paying members’ pensions.

The Scheme is not in this position. The Scheme Actuary has said there is expected to be enough money to pay all members’ benefits in full based on the assets held by the Scheme and the investment returns expected from those assets in future.

After the Scheme closes to future accrual, the Trustee remains responsible for managing the Scheme’s assets so that all members receive the benefits they were promised. Employers are still required by law to pay extra contributions if the Scheme’s assets are less than the estimated liabilities. This means the likelihood of the Scheme running out of money is currently very low.