

Member Update

October 2020



Chairman's update



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

Inside you will find a summary of the Scheme accounts and how the assets of the Scheme are invested, along with further information and news which I hope you will find useful. In particular, I would urge you to be on the alert for pension scams, especially during these difficult times – see page 10 for more information.

Work has begun on the 5 April 2020 actuarial valuation and I look forward to sharing the results with you next year.

If you have not yet retired, this Update accompanies your Annual Certificate of Pension Credit. Your certificate sets out the 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 12.

During the summer of 2019, the Trustee consulted with the Scheme's Constituent Bodies and participating employers about the proposed new investment strategy, with a view to reducing the level of investment risk and volatility and increasing the level of hedging to more closely align the Scheme's assets and liabilities. The new strategy was implemented during the autumn of 2019.

Our broad and challenging agenda means it is important to have a strong and

capable team that can dedicate the time required to make complex decisions. I would like to thank the Board, 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 particularly like to thank Alan Pickering, who stood down as Chairman on 23 September 2020 but remains on the Board as an Independent Director, and Douglas Blackhall and Richard Frew who resigned as Directors on 28 May 2019 and 29 May 2020 respectively, for their valuable input and expertise.

Please remember to tell us when your contact 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details we hold for you are out of date, please get in touch using the contact details on page 12.

I hope you find this Update helpful and relevant. If there is anything that you would like to see covered in a future issue, please let us know.

Jon Bridger
Trustee Chairman
Plumbing Pensions (UK) Ltd

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Membership

The Scheme closed to future contributions in June 2019 and all the active members became deferred members.

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.



Number of members at 5 April

Active members

2020	0	2019	2,436
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Deferred members

2020	20,471	2019	19,111
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Pensioners

2020	13,021	2019	12,732
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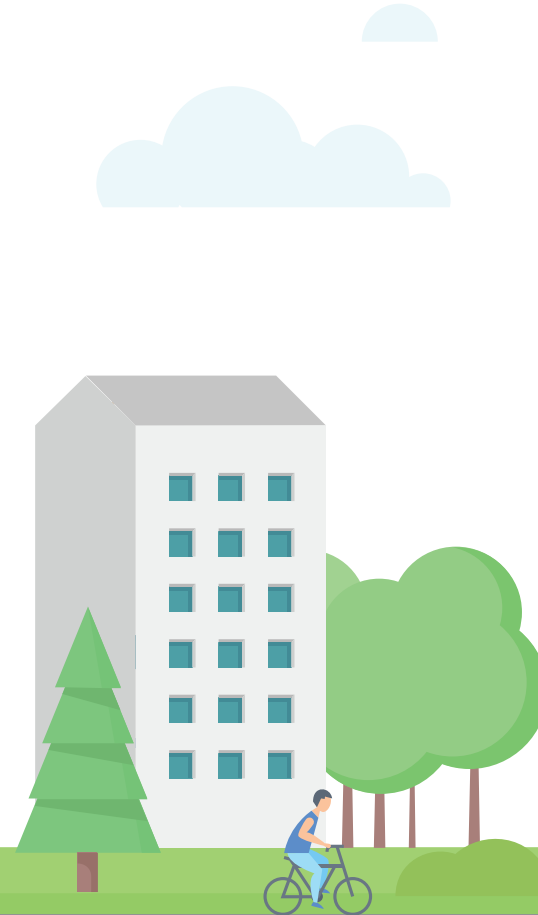
Funding update

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 2017 and concluded that the Scheme's assets were enough to cover 102% of liabilities. Work has begun on the next valuation, which will assess the Scheme as at 5 April 2020 and the results of this are expected to be finalised by summer 2021.

In the years between formal valuations, the actuary reviews the Scheme's funding position, but these check-ups are less detailed. A check-up was carried out at 5 April 2019 and this showed that the Scheme had a funding level of 108%.

The Trustee has set a long-term objective to be fully funded on a 'self-sufficiency' basis. The Trustee hopes to reach a position where there is a low dependency on the participating employers. To help achieve this, the Scheme has adopted a less risky investment strategy. This improves the security of member benefits but significantly reduces the future expected investment returns from the Scheme's assets. As a result, the funding level at the 2020 valuation is likely to be lower. We will send you an update about the valuation in 2021.



How the Scheme is run

The Plumbing & Mechanical Services (UK) Industry Pension Scheme was established in 1975 and offers career average defined benefits on retirement to employees in the plumbing and mechanical services industry in the United Kingdom.

The Scheme is managed and administered by the Trustee Company, Plumbing Pensions (UK) Limited, on behalf of members and in accordance with the terms of the Scheme Rules and relevant legislation. The Trustee Company is a 'not for profit' company. It does not pay dividends and it only incurs and recharges costs associated with the day-to-day running of the Scheme.

The Trustee Company has overall responsibility for the effective operation of the Scheme including administration of benefits, collection of contributions, payment of pensions and other benefits and the investment and safe custody of the Scheme's assets. The Trustee must act fairly in the interests of members, pensioners and employers.

Directors of the Trustee Company are appointed by three constituent bodies. The Association of Plumbing and Heating Contractors Ltd (the APHC) and the Scottish and Northern

Ireland Plumbing Employers' Federation (SNIPEF) each nominate two Directors. Unite the Union nominates three Directors. The Trustee Company appoints two non-voting independent Directors, one of whom has been nominated to be the independent Chairman. The Board currently has seven Directors because the two SNIPEF Director positions are vacant.

Review of Scheme governance

We are carrying out a review of the Scheme's governance structure. The current structure was designed in the 1970s and, while it has served the Scheme well for many years, it requires modernisation to reflect the current environment and make it fit for the future. We'll write to you with more information in due course.

2020 Summary of Scheme accounts

The table below provides a summary of the Scheme's income and outgoings for the year ended 5 April 2020.

The total income includes member and employer contributions, as these were paid in before the Scheme closed to future contributions on 30 June 2019. 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. The Scheme also receives 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, short-service refunds, transfers to other pension schemes and payments towards the Scheme's running costs.

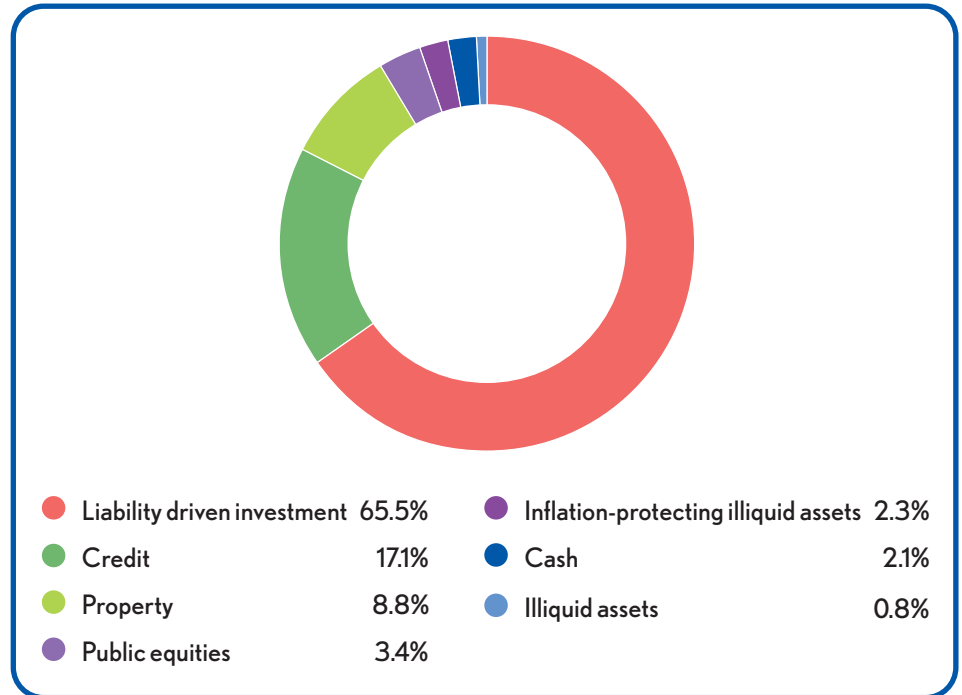
	£m
Fund at 5 April 2019	2,155
+ Total income for the year	8
- Total outgoings for the year	73
+ Net returns on investment during the year	128
=	=
Fund at 5 April 2020	2,218

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.

Over the year to 31 March 2020, the Scheme's assets, excluding the bulk annuity insurance policy, achieved a return of 2.5%. This was 1.9% below the target set by the Trustee and its consultant.

This chart shows how the Scheme's assets were split between different investment types at 5 April 2020, excluding AVCs which are held separately.



Scheme news

Covid-19 update

The past year has been difficult for many people as they have struggled with loss of household income and possibly the illness or death of family members. During the Covid-19 pandemic we have prioritised paying pensions and dealing sensitively with the rise in death cases. We have been able to operate almost normally with all staff working remotely from home, except for two employees who provide business-critical on-site support. The Trustee is paying close attention to the Scheme's funding position, investment performance, employer covenant and member communications during the crisis. Please help us stay in touch by checking that we hold your current details, including your email address.



Your benefits in the scheme

We would like to take this opportunity to remind you of your benefits in the Scheme, which are normally taken at age 65 but can be taken earlier or later than this. 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 make sure your expression of wishes form is up to date. You can download a form from our website or contact our helpline: 03457 65 65 65.

If you are yet to retire then details of your benefits in the Scheme can be found on your benefit statement. If you have any questions about your retirement or death benefits, please contact us.



Pensions news

Beware of pension scams

A major event like the Covid-19 crisis can lead to new types of scams. When it comes to financial services, scams often appear after the initial shock of a major event. With this in mind, we urge you to be vigilant for scams of all kinds that could appear over the coming months. These could be about insurance policies, pension transfers or high-return investment opportunities, including investments in crypto-assets.

Scammers are sophisticated, opportunistic and will try to get personal details or money from victims in many ways. They tend to target people who are feeling vulnerable, particularly in the current climate.

Could you spot a pension scam?

Pension scams can be hard to spot but their effects are devastating, with many people losing their life savings. While promising high returns and low risk, in reality, pension scams can leave you with nothing. In addition, you could then face a high tax bill from HM Revenue and Customs if you withdraw your savings before age 55.

Scams often involve unusual, high-risk investments like overseas property, renewable energy bonds, forestry, parking or storage units. If it sounds too good to be true, it probably is. Anyone can be a victim of a pension scam, no matter how savvy you think you are.

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**

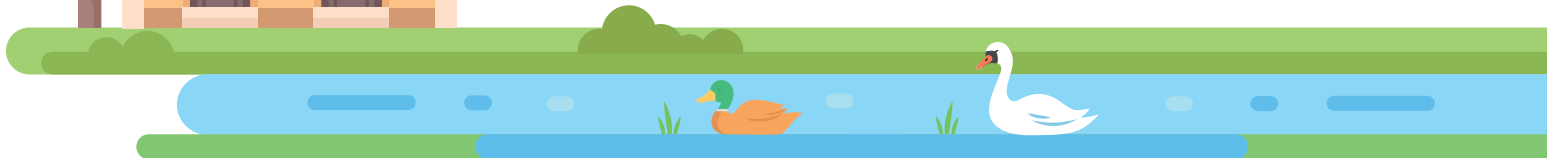


Money and Pensions Service

The Money and Pensions Service is the new name for the government's three financial guidance providers, the Pensions Advisory Service, the Money Advice Service and Pension Wise, which have been merged into a single organisation. It brings together the core services of pensions guidance, money guidance and debt advice.

Sponsored by the Department for Work and Pensions, the Money and Pensions Service is funded by levies on pension schemes and the financial services industry. Its aim is to help everyone manage their personal finances by providing easier access to the information and guidance needed to make effective financial decisions.

Go to www.moneyandpensionservice.org.uk for more information and to access the various services.



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

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 other contacts useful:

Government advice on pensions,
money and debt:

www.moneyandpensionservice.org.uk

A website to help individuals find a trusted
independent financial adviser:

www.vouchedfor.co.uk

The Pension Protection Fund:

www.ppf.co.uk



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