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**Perenco UK**

**Pension Plan**

**Newsletter 2022**

**WELCOME**

The Board of Perenco UK Pension Trustee Limited, which act as the Trustee of the Perenco UK Pension Plan (the Plan), are pleased to present the 2022 newsletter to members.

This newsletter includes information about the Defined Benefit (DB) Section of the Plan as well as news from the wider world of pensions.

If you would like to contact us about any of the information provided, or about your pension, use our contact details below:

**Contact details**

Address: Perenco Administration Team, Capita, PO Box 555, Stead House, Darlington, DL1 9YT

Telephone: **0345 602 5366**

Email: **perenco@capita.com**

Online: **www.perencopensionplan.co.uk**

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**TRUSTEE INFORMATION**

**Your Trustee Board**

The current Trustee Directors are:

|  |  |
| --- | --- |
|  |  |
| **Sarah Horan** | Independent Chairperson (representing Independent Trustee Services Ltd) |
| **Martyn Hughes** | Member-Nominated |
| **Peter Spurs** | Company-Appointed |
| **VACANT** | Member-Nominated |
| **Bruno Visconti** | Company-Appointed |

The Trustee Board would like to offer their thanks and best wishes for the future to Nita Tinn, who stepped down as Independent Chairperson in December 2021. Nita has made a great contribution as Independent Chairperson since her appointment. She has been succeeded by Sarah Horan, who has over 30 years’ experience in the pensions industry.

Isabelle Roux-Gregson resigned as a Company Appointed Director in April 2022 and the Trustee Board would like to thank Isabelle for her hard work over the years. The Board would like to welcome Bruno Visconti to this position and look forward to his contribution as a Company Appointed Director.

Martyn Hughes was also re-elected as a Member Nominated Director during the selection process last year, and the Trustee Board is looking forward to working with him for his next 4-year term.

**There is currently a vacant Member Nominated Director’s post to fill. More information is given about the selection process on the Plan website:** **www.perencopensionplan.co.uk/support/library**

The Trustee Board is supported by a number of professional advisers and service providers. They are:

|  |  |
| --- | --- |
|  |  |
| **Plan Secretary** | Danny Holeyman – Capita Pension Solutions Limited |
| **Plan Actuary** | Martin West FIA – Capita Pension Solutions Limited |
| **Plan Administrator** | Capita Pension Solutions Limited |
| **Plan Auditor** | Deloitte LLP – Resigned December 2021  Assure (UK) Limited – Appointed January 2022 |
| **Legal Advisers** | Pinsent Masons LLP |
| **Investment Consultant** | Barnett Waddingham LLP |
| **Investment Managers** |  |
| **DB Section** | Baillie Gifford and Co Ltd Insight Investment Funds Management Ltd Janus Henderson Global Investors Ltd |

**PENSION NEWS**

**Member Nominated Director (MND) vacancy – applications reopen**

Applications are now open for a new Member Nominated Director.

The Trustee Board is pleased to welcome back Martyn Hughes after his re-election as a Member Nominated Director through this process last year. Since no further applications were received, eligibility for the remaining vacancy is being extended to non-members employed by the Company in line with the MND policy.

All deferred and pensioner members of the Plan, alongside non-members who are employed by the Company, are invited to apply for the MND vacancy, which closes on **16 September 2022**.

The application pack giving full information on the MND policy, the duties and responsibilities of Trustee Directors and how to apply can be found under ‘Forms’ on the Plan website: **www.perencopensionplan.co.uk/support/library**

If you are interested in becoming a Trustee Director and would like to apply you should complete and return the nomination form and candidate questions to the Plan Secretary, Danny Holeyman. Instructions can be found within the MND documents.

**Pension scams – staying safe**

Recent fluctuations in market prices due to world events such as the COVID-19 pandemic and Russia’s invasion of Ukraine have led to an increased risk of people being targeted by fraudsters who try to scam you out of your hard-earned pension and lure you into investing in their supposed ‘safe havens’.

Scammers can be very sophisticated and look extremely plausible, so make sure you always check who you’re dealing with and beware any offer that seems too good to be true. Always take financial advice before making any major decisions regarding your pension.

You can get more tips on spotting scams and advice on what to do if you’re suspicious at: **www.fca.org.uk/scamsmart**

**Changes to pension transfer regulations**

Due to the increased risk of pension scams, new rules came into place on 30 November 2021 that require trustees and pension providers to prevent pension transfers if they believe the circumstances to be suspicious. Factors that may give rise to a request for a pension transfer being delayed or possibly even refused include, but are not limited to, a member:

• Not providing sufficient information in relation to the transfer when requested to do so

• Being given financial advice from a company without the appropriate regulatory permissions

• Receiving an unsolicited request to transfer funds from their pension

• Feeling pressured into making a transfer

• Wanting to transfer to a receiving scheme with high-risk, unregulated investments and/or which charges fees that are unclear or noticeably high

It’s important to remember that these regulations have been introduced to make transfers safer. The extra checks involved may also make transfers slower, so please be patient if you’re going through the process and be aware of the likely timescales if you’re considering it.

The FCA has set out some key points for people to consider before taking a transfer, which can be found at: **www.fca.org.uk/consumers/pension-transfer-defined-benefit**

**Environmental, social and governance (ESG) and responsible investing**

The focus on ESG issues is increasing sharply around the world, and pension schemes are considering the ESG impact of their investments. The UK government has made it a legal requirement for schemes to take account of ‘financially material considerations’ while investing scheme assets, which now include (but are not limited to) ESG considerations, including climate change.

All financially material factors, including ESG factors, are dealt with by our chosen Investment Managers when they select the underlying investment holdings within the Plan funds. The Trustee Board will continue to monitor and assess how they are meeting government requirements on at least an annual basis. Further details can be found in the Statement of Investment Principles (SIP), available on the Plan’s pension website: **www.perencopensionplan.co.uk/support/library** under the Publications section.

Under legislation, which came into effect in October 2020, trustees are also required to publish an implementation statement setting out how they acted on the principles set out in the SIP, including ESG considerations. The latest Implementation Statement is available for members to view at **www.perencopensionplan.co.uk/support/library**

**Guaranteed Minimum Pension (GMP) equalisation**

The High Court judgments made at the end of 2018 and end of 2020 in relation to GMPs confirmed that pension schemes need to make sure GMPs built up between 17 May 1990 and 6 April 1997 are equal between men and women.

The Trustee and Company are working together with their advisers to work out which members are affected and steps are being taken to equalise members’ benefits where needed. Please note that the Perenco UK Pension Plan Defined Benefit (DB) Section began in 2004 and it is unlikely this will apply to you unless you transferred in pre 1997 DB benefits from outside the Plan.

**Increase to the Normal Minimum Pension Age (NMPA)**

In February this year, the government passed the Finance Act 2022, which contains legislation to increase the

Normal Minimum Pension Age (NMPA) to 57 on 6 April 2028.

The NMPA is the earliest age from which a member can draw benefits from a pension scheme (apart from

on grounds of ill health) without incurring unauthorised payment charges. The NMPA is currently 55 for most

people.

**Help with your financial wellbeing**

Energy bills, fuel prices, general increases to the cost of living – we’re facing increased financial pressures, and these things can be stressful. Financial wellbeing is increasingly being recognised as an important part of personal happiness, and we want to help you deal with some of the issues you might be facing.

There are lots of websites that can help with everything from day-to-day savings tips to debt advice. We’ve included links to these websites on page 10 of this newsletter. If you’re struggling, have a look, and consider speaking to someone who can help.

**MoneyHelper**

MoneyHelper is a free, independent service provided by the government. It offers advice about pensions, benefits, savings and more.

**Money Saving Expert**

Money Saving Expert gives lots of advice on everything from reducing your bills to finding the best insurance deals.

**Age UK**

Age UK offers particular help for older people, including benefits you can claim to ease the pressure.

**Citizens Advice Bureau**

Citizens Advice Bureau can help you if you’re facing problems such as debt.

There are also lots of financial wellbeing apps designed to help you manage your money – have a look in your app store for one that suits you.

**Reminder: complete your expression of wish form!**

If you are a deferred member or a pensioner member who has been in receipt of your pension for less than 5 years, there may be a lump sum death benefit payable, in the event of your death. The Trustee is responsible for deciding to whom any discretionary death benefits should be paid. You can help the Trustee with this decision by completing an expression of wish form, or if you have already completed one, keeping it up to date. This is the most effective way to ensure your loved ones receive your benefits when you die.

An out of date or incomplete expression of wish form can complicate and delay the process of paying benefits to the people you would like to receive them, should the worst happen.

You can find one at: **www.perencopensionplan.co.uk/support/library** under the Forms section.

**ANNUAL SAVINGS ALLOWANCES**

**The annual allowance (AA)**

The AA is the amount you can add to your pension benefits each year without incurring a tax charge. Most people will have an AA of £40,000. However, special rules apply if you have annual earnings of more than £200,000 which could see your AA reduced to a minimum of £4,000.

**The lifetime allowance (LTA)**

This is the total amount of retirement savings you can build up over your working life without incurring an LTA charge (excluding any State Pension). In the 2021/22 tax year, the standard LTA was £1.073 million. Under current legislation, the LTA has been frozen at this level until April 2026.

**Money purchase annual allowance (MPAA)**

This applies to DC savings only, including DC additional voluntary contributions (AVCs). If you have started to access any DC retirement benefits flexibly elsewhere, such as through flexible drawdown and want to continue paying, your AA will reduce to £4,000. The purpose of the MPAA is to prevent people from benefiting twice from tax benefits.

**Remember: it is your responsibility to monitor your position against the pension tax allowances.**

**DB membership**

**DB SECTION ACCOUNTS**

The audit of the Trustee Report and Accounts Year End 31 December 2021 has been finalised and we are pleased to provide the summary below. The DB Section had 184 members as at 31 December 2021. This comprised of 66 pensioner and 118 deferred members.

**Income and expenditure**

The table below demonstrates the income and expenditure of the Plan over the year to 31 December 2021.

|  |  |
| --- | --- |
|  | **DB Section (£)** |
| **Assets as at 1 January 2021** | **78,397,537** |
| **Income** |  |
| **Contributions** | 10,000,000 |
| **Other income** | 8,756 |
| **Total income** | **10,008,756** |
| **Expenditure** |  |
| **Pensions paid** | (1,109,292) |
| **Lump sum payments** | (62,492) |
| **Member transfers** | (546,043) |
| **Total expenditure** | **(1,717,827)** |
| **Transfers between sections** | 387,760 |
| **Net returns on investments** | 2,486,209 |
| **Assets as at 31 December 2021** | **89,562,435** |

**What type of assets does the Plan invest in?**

The Plan’s assets are invested by Baillie Gifford, Henderson and Insight on behalf of the Trustee.

The Plan has a strategic asset allocation as set out below which has been agreed after considering the Plan’s liability profile, funding position, expected return of the various asset classes and the need for diversification.

**30%** Corporate bonds

**10%** Multi-asset credit

**10%** Diversified growth

**50%** Liability Driven Investments

**SUMMARY FUNDING STATEMENT AT 31 DECEMBER 2021**

This statement aims to provide you with a snapshot of the funding position of the DB Section of the Plan using information from the Actuary’s annual funding updates at 31 December 2021 and 31 December 2020. You can also find the results from the last formal triennial valuation at 31 December 2019.

**How is the Plan’s financial security measured?**

The Scheme Actuary conducts a formal valuation of the Scheme every three years, with interim   
updates estimating the funding position provided annually; the results of these are shown in this   
Summary Funding Statement.

The Trustee is responsible for setting the assumptions used to calculate the Scheme’s liabilities (for example, an assumption is made on how long members are expected to live, and therefore how long they will receive their pensions). These assumptions are based on advice from the Actuary and set with the agreement of Perenco UK. This liability value is compared with the Scheme’s assets.

If the Plan has fewer assets than liabilities, it is said to have a shortfall. If the assets are more than the liabilities, there is a surplus.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Annual funding update  as of 31 December 2021** | **Annual funding update  as of 31 December 2020** | **Valuation results as of 31 December 2019** |
| **The Plan’s assets were valued at:** | **£89.6 million** | **£76 million** | **£68 million** |
| **The value of the Plan’s liabilities was:** | **£88.3 million** | **£89 million** | **£81 million** |
| **This means there was a surplus/(deficit) of:** | **£1.3 million** | **(£13 million)** | **(£13 million)** |
| **Funding level:** | **101%** | **85%** | **84%** |

As you can see, the ongoing funding position has improved since 31 December 2020 and is now in surplus on this method of calculating the funding position. The position on a solvency basis is different and this is covered below.

Over the period there was an improvement in the funding position due to an increase in the discount rate, primarily as a result of higher gilt yields, high asset returns and the payment of deficit reduction contributions. This was partially offset by an increase in inflation expectations.

**Shortfall on the solvency basis?**

A valuation of the assets against liabilities on the solvency valuation basis estimates the amount needed to fully secure all earned benefits from an insurance company if the Plan were to wind up. The shortfall on the solvency basis at 31 December 2019 was £31.5m and to remove this the Company agreed to pay contributions of £10m in 2021 and £2.6m per year from July 2024 to December 2029. No contributions will be paid during the period from January 2022 to June 2024.

We are legally obliged to advise you of the solvency position, but it does not mean that the Trustee is thinking of winding up the Plan. It is just another piece of information we hope will help you understand the financial security of your benefits.

The next full actuarial valuation for the Plan is due on 31 December 2022.

**Is my pension safe?**

The Plan is set up under a Trust. A Trust is a legal vehicle to allow the property (for example, the pension entitlement) of an individual to be looked after by someone else (known as a Trustee).

Trusts enjoy a high level of protection in law, and this is enhanced by specific regulations designed to protect pension schemes. The use of a Trust means that the assets in the Plan are held entirely separate from the assets of the Employer and are prohibited from being used by the Employer for trading purposes.

**What is Capita’s role?**

Capita Pension Solutions is solely responsible for the day-to-day administration of your pension and does not have any control at all over your funds. They make sure that your records are accurately maintained, and they process benefit payments on behalf of the Trustee and the investment of contributions to members’ own accounts in addition to answering enquiries by telephone, post or email.

**Is my pension guaranteed?**

Our aim is for there to be enough money in the Plan to pay pensions now and in the future, but this depends on the Company remaining in place and continuing to pay for the Plan. If the Company becomes insolvent, or decides to stop paying for the Plan, it is required to pay enough into the Plan to ensure benefits can be purchased with an insurance company.

**What happens if the Plan is wound up and there is not enough money to pay for all my benefits?**

The government has set up the Pension Protection Fund (PPF) to pay benefits to members if the Plan were wound up, and the Plan, together with the insolvent Company, does not have enough money to cover the cost of buying at least the PPF level of benefits with an insurance company. The pension you would receive from the PPF may be less than the benefit you had built up in the Plan.

Further information and guidance is available on the PPF website at:

**www.ppf.co.uk**

Or you can call the PPF on:

**0345 600 2541**

**Is there any other information I should be aware of?**

We must tell you if the Company has taken any money out of the Plan in the last 12 months; we are happy to confirm that this has not occurred.

Additional formal documents available on request:

* Annual Report and Accounts of the Plan. This shows the Plan’s annual income and expenditure.
* Statement of Investment Principles. This explains how the Trustee invest the money paid into the Plan.
* Actuarial Report. This contains details of the Actuary’s check on the latest funding position.

If you are thinking of leaving the Plan for any reason you should consult a professional adviser, such as an IFA, before taking any action.

**Where can I get more information?**

If you have any other questions, or would like any more information, you can log in to your online pension portal at **www.hartlinkonline.co.uk/perenco**

Alternatively, you can contact the administration team directly on **0345 602 5366** or email them at **perenco@capita.co.uk**

**USEFUL LINKS**

**Contact details:**

Capita, Stead House,

PO Box 555, Darlington, DL1 9YT

Helpline: **0345 602 5366**

Email: **perenco@capita.co.uk**

Text

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**Money Saving Expert**

**www.moneysavingexpert.com**

Founded by journalist Martin Lewis, this website provides information and articles that could save you money and includes areas such as pensions and finance.



**Age UK**

**www.ageuk.org.uk**

Provides lots of information about pensions, as well as a free advice line.

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**Financial Conduct Authority**

**https://register.fca.org.uk**

The FCA has a database of independent financial advisers so that you can find one in your local area if you are looking for help.



**Citizens Advice**

**www.citizensadvice.org.uk**

Free independent and confidential guidance online as well as details of your local Citizens Advice centre.

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**MoneyHelper**

**www.moneyhelper.org.uk**

MoneyHelper is the new brand name for the Money and Pension Service which brings together three financial guidance bodies: The Money Advice Service, The Pensions Advisory Service and Pension Wise.