

Perenco UK Pension Plan

Newsletter 2021

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 2021 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. In March 2020, a decision was taken to transfer the Defined Contribution (DC) Section of the Plan to a master trust with Aegon. This transfer was completed in May 2021.

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:

Nita Tinn	Independent Chairperson (representing Independent Trustee Services Ltd)
Martyn Hughes*	Member-Nominated
Peter Spurs	Company-Appointed
VACANT	Member-Nominated
Isabelle Roux-Gregson	Company-Appointed (appointed 1 April 2019)

*Martyn Hughes' term of office has now expired. Martyn intends to stand for nomination again as an MND for another four-year term.

The Trustee Board would like to offer their thanks and best wishes for the future to Mark Hughes, who has stepped down as a Member Nominated Director following the transfer of the DC section of the Plan. Mark joined the Trustee Board in February 2019 and has played an important role in the management of the Plan during his tenure. There are therefore currently two vacant Member Nominated Directors posts to fill. More information is given later in the selection process and in the separate information pack about the nomination and selection of MNDs.

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

Plan Secretary	Danny Holeyman – Capita Employee Solutions
Plan Actuary	Martin West FIA – Capita Employee Solutions
Plan Administrator	Capita Employee Solutions
Plan Auditor	Deloitte LLP
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 now open

With the recent departure of Mark Hughes and term of office for Martyn Hughes ending, there are two vacancies for an MND on the Trustee Board.

All deferred and pensioner members of the Plan are invited to apply for the MND vacancy, which closes on **22 October 2021**.

The application pack giving full information on the MND policy, the duties and responsibilities of Trustee Directors and how to apply is enclosed with this Newsletter. 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.

Pension scams reminder – be aware

The COVID pandemic has 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 into 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

Environmental, social and governance (ESG) and responsible investing

In keeping with the UK government’s recent policy commitment to integrate sustainability into mainstream investment products, it is a legal requirement to take account of ‘financially material considerations’ when investing scheme assets which now include (but are not limited to) ESG considerations, including climate change.

The Plan is invested in funds known as ‘Pooled’ funds which means that the consideration of all financially material factors, including ESG factors, is dealt with by our chosen Investment Managers when they select the underlying investment holdings within those pooled funds. The Trustee Board will continue to monitor and assess how they are meeting these requirements on at least an annual basis. Further details can be found in the Statement of Investment Principles (SIP), available on the Plan’s dedicated pensions website: www.perencopensionplan.co.uk/support/library under the Publications section.

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

Changes to the pension transfer advice market (improving advice and the transparency of fees)

The Financial Conduct Authority (FCA) recently announced a package of measures aimed at improving advice and the transparency of fees for individuals considering a transfer from a defined benefit pension arrangement so that they can access their benefits more flexibly. For example, to personal pensions or income drawdown products.

The changes came into effect in October 2020 and will affect how financial advisers carry out and charge for their work. Advisers can charge even if they advise not to transfer, removing the conflict of interest where an adviser is not paid if the transfer does not proceed.

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

Guaranteed Minimum Pension (GMP) equalisation

The High Court judgment made at the end of 2018 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.

As the Perenco UK Pension Plan Defined Benefit (DB) Section began in 2004 it is unlikely this will apply to you unless you transferred in pre 1997 DB benefits from outside the Plan.

The Trustee and Company are working with their advisors to work out which members are affected and what steps we will take to equalise their benefits.

The State Pension is increasing!

The new State pension has increased to £179.60 per week for the 2021/22 tax year. This is based on your National Insurance contribution history. For more information and to check out how much you might be entitled to, you can visit www.gov.uk/new-state-pension

Reminder: complete your expression of wish form!

If you are a deferred member or are a pensioner member and have 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.

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 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 or if you have drawn any DC pension savings other than in the form of an annuity (with or without tax-free cash) which could see your AA reduced to a minimum of £10,000.

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 is £1.073 million. Under the 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 ACCOUNTS

DB membership

The DB Section had 188 members as of 31 December 2020. This comprised of 65 pensioner and 123 deferred members.

Income and expenditure

The table below demonstrates the income and expenditure of the Plan over the year to 31 December 2020.

	DB Section (£)
Assets as at 1 January 2020	67,905,243
Income	
Contributions	2,604,000
Total income	2,604,000
Expenditure	
Pensions Paid	(1,064,411)
Lump sum payments	(204,052)
Member Transfers	(418,390)
Investment Custody expenses	(15,001)
Total expenditure	(1,686,853)
Transfers between Sections	12,354
Net returns on investments	9,562,793
Assets as of 31 December 2020	78,397,537

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 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. Assets as of 31 March 2021 were invested as shown below.

37% Corporate Bonds
19% Diversified Growth Fund
44% Liability Matched Assets/Cash

SUMMARY FUNDING STATEMENT AT 31 DECEMBER 2020

This statement aims to provide members you with a snapshot of the funding position of the DB Section of the Plan using information from the Actuary's annual funding update at 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 2020	Valuation results as of 31 December 2019
The Plan's assets were valued at:	£78.4 million	£67.9 million
The value of the Plan's liabilities was:	£89 million	£80.5 million
This means there was a shortfall of:	£10.6 million	£12.6 million
Funding level:	88%	84%

As you can see, the ongoing funding position has improved since 31 December 2019 and since the effective date of the report, the funding position is likely to have improved further. This is primarily due to investment returns being better than assumed following positive news on vaccines for Covid-19, contributions paid into the Plan and an increase in the yield on government gilts over the year.

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 has 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 and 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 write to the PPF at:

12 Dingwall Road
Croydon
Surrey
CR0 2NA

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 login 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

MoneyHelper

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 Advisory Service, The Pensions Advisory Service and Pension Wise.

MoneySavingExpert

Cutting your costs, fighting your corner

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.



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.



Age UK

www.ageuk.org.uk

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

Contact details:

Capita, Stead House
PO Box 555, Darlington, DL1 9YT

Helpline: **0345 602 5366**

Email: perenco@capita.co.uk