

PensionsLine

Step into your future

HELLO AGAIN

Welcome to the second issue of *PensionsLine*. We've decided to produce a version of this newsletter just for members of the Defined Benefit (DB) Section. That's because the information a DB member needs is very different from what people in the Defined Contribution (DC) Section of the Fund need to know.

As you may be aware, the DB Section closed to future accrual on 30 June 2023. All active (contributing) members were enrolled into the DC Section, where they can continue to build up savings for retirement. The closure does not affect pensioners or deferred members in the DB Section.

We're delighted to announce that our general member website is now live at www.rochepensionfund.co.uk. You don't need a login to visit the site. Each membership category has its own section on the website, from our pensioners, to those members who are still waiting to draw their pension, including former active DB Section members who are now members of the DC Section of the Fund (known as 'employed deferred' members). Please take a look and let us know what you think.

As you may recall, the last newsletter included an insert about the impact of the Government's mini-budget on pension schemes like ours. The article on page 5 provides an update.

▶ *If there's anything you'd like to see covered in a future issue, or topics you feel would be useful, please get in touch using the contact details on page 12.*



WHAT'S INSIDE?

OUR NEW MEMBER WEBSITE	4
AUTUMN 2022 MARKET VOLATILITY	5
INVESTING FOR A BETTER FUTURE	6
KNOW YOUR LIMITS	7
FUND NOTICEBOARD	8
DOES YOUR PENSION HAVE A 'BEST-BEFORE' DATE?	9
PENSIONS ROUND-UP	10
WHO'S WHO ON THE TRUSTEE BOARD?	11
CONTACT US	12



OUR NEW MEMBER WEBSITE

Our new member website is now live at www.rochepensionfund.co.uk.

The Trustee had some clear aims when it came to developing a new member website. It needed to be easy to understand and user friendly, with information arranged in a way that makes it easy for you to find the details that are relevant to you.

The Library includes important Trustee documents, such as the Statement of Investment Principles and Implementation Statement, which we are required to make available on a public website. You can also download copies of the DB Section Nomination form and, for pensioners, a Change of bank details form. The Nomination form is useful if you aren't married or in a civil partnership, but would like the Trustee to consider paying a pension to someone else in the event of your death.

The website is written in plain English and has been designed in line with the Fund's new brand identity. We hope you find it useful. Please let us know what you think – your feedback will help us ensure the website continues to make your pension information as accessible as possible.



The place to go for Guaranteed Minimum Pension (GMP) updates

Last year's newsletter included an article about a project to equalise men's and women's GMPs. The website has a dedicated page where we will post updates about this project. Please make sure that the DB Section's administrator, Willis Towers Watson (WTW), has an up-to-date address so they can get hold of you if they need to. WTW's contact details can be found on page 12.

AUTUMN 2022 MARKET VOLATILITY

How did last year's mini-budget affect the Fund?

In September 2022, the then-Chancellor Kwasi Kwarteng announced his 'Growth Plan' (also known as the mini-budget) that led to significant market turmoil. Not only did the value of the pound fall, but borrowing – including Government borrowing in the form of gilts – also became more expensive. This had an impact on pension funds around the UK, especially those that use an investment product called Liability Driven Investment (LDI).

As a result, the Bank of England stepped in at the beginning of October 2022 and promised to buy £65bn of gilts, which the media reported as being necessary to 'save pension funds from going bust'. Let us reassure you that the Fund was not at risk at any time during this crisis, and pensions will continue to be paid in full and as normal.

As this is a complex area of investing, the media reporting tended to be one-sided, and did not consider how increases in gilt yields actually benefited schemes.

The Fund's experience was that, although the assets fell in value over the last week of September and the beginning of October because of rising gilt yields, the rise in yields also resulted in the value of the Fund's liabilities falling. Thanks to the diversification within our investment portfolio, the overall impact on our funding level was modest. The Trustee continues to monitor the situation closely.

It's also worth remembering that your benefits are not linked to movements in the financial markets but are defined by the Trust Deed and Rules. Therefore, these market events and the actions referred to above have not affected the pensions that have been promised to you and your beneficiaries.

INVESTING FOR A BETTER FUTURE

We're working hard to ensure that the Fund's investments integrate positive environmental, social and governance (ESG) factors, as well as seeking to reduce the carbon emissions of our investments.

Increasingly, trustees of pension schemes in the UK are considering environmental, social and governance (ESG) factors when they select their investments.

The Fund's Statement of Investment Principles (available on the new website) sets out the Trustee's approach to investments and includes our policy on incorporating ESG into our investment decisions.

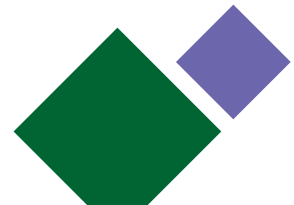
Over the last few years, we've carried out various reviews to understand the climate impact of the Fund's investments and to update our ESG policies. The Trustee Directors have received training to understand ESG and climate change (and new Trustee Directors will be supported in their understanding, too).

The Trustee uses Mercer to act as its fiduciary manager in respect of the Fund's assets. In this role, Mercer is tasked with day-to-day investment decision making and implementation. However, the Trustee retains the overall responsibility for the management of the Fund's assets.

As well as ensuring that the Fund has sufficient assets to pay benefits as they fall due, the Trustee has a secondary target of achieving net zero emissions across the Fund's investments by 2050, and reducing the level of carbon emissions by at least 45% (from 2019 levels) by 2030.

Coming soon: Climate Change Report

To offer more transparency to our members, we'll also publish an annual Climate Change Report (consistent with the Task Force on Climate-Related Financial Disclosures), with the first one due to be published in October 2023, covering the Fund year to 31 March 2023. A copy of the report will be made available on the new website at www.rochepensionfund.co.uk





KNOW YOUR LIMITS

Pensions tax allowances are changing.

You may have heard in the media that the Government has changed some of the tax limits that apply to pensions. If you're still paying into a pension, this means you can pay in more and enjoy tax relief on those extra contributions.

For deferred members and pensioners, the main change that may affect you is the removal of the Lifetime Allowance (LTA) tax charge from April 2023.

The LTA was a limit on the amount of pension savings you could build up tax free over your lifetime and had been frozen at £1,073,100. If you went over the limit, you had to pay a tax charge on the excess.

From 6 April 2023, there is no LTA charge on the benefits valued above the LTA for members drawing their benefits or transferring them to an overseas pension scheme. The LTA is expected to be abolished from 6 April 2024. Your marginal rate of income tax may apply instead.

The DB Section administrator, WTW, must still provide information about the LTA to you until 5 April 2024.

Under current rules, you can take up to 25% of your retirement savings as tax-free cash when you retire.

This is now capped at £268,275 (or 25% of the final LTA). However, if you applied for protection when the LTA was higher, you may be eligible to take a higher tax-free cash amount.

Neither the Trustee nor WTW can provide advice on personal financial matters, so if you think you might be affected by these changes, you should consider speaking to an independent financial adviser.

The Annual Allowance (AA) is a tax limit that applied to active members of the Fund. If you have exceeded the standard AA in 2022/23 and a tax charge is due, you have until 31 July 2024 to apply for Scheme Pays (or an earlier date of 30 November **2023** depending on your individual circumstances). Scheme Pays is where the Fund pays the charge on your behalf in exchange for reduced benefits. Find out more on the pensions website.

FUND NOTICEBOARD

Nomination forms

If you're not married or in a civil partnership, you can nominate someone else to receive a pension from the Fund on your death, as long as they are financially dependent on you in some way.

The payment of this pension is subject to Trustee discretion. The Trustee would need to decide whether the person you have nominated meets the necessary conditions, so they'd probably ask for evidence of financial dependency, such as details of a joint mortgage/rental agreement, utility bills or loans.

You can download a Nomination form from the new member website, or contact WTW to request a copy.

Pension increases

Pensions in payment are increased annually on 1 April. Your pension is made up of different elements, and the way increases are applied to these elements can differ, too.

Most members will have an element of their pension which is called 'Guaranteed Minimum Pension' (GMP), which increases each year as directed by the Government. GMPs earned before 1988 don't increase in payment, and GMPs earned after 1988 will increase in line with the annual increase in the Consumer Price Index (CPI), to a maximum of 3%.

The majority of most members' pension is known as 'excess' pension – this effectively covers anything that's been built up in the Fund that's not GMP. The increase applied to your excess pension is in line with the annual increase in the CPI over the year to the preceding September, up to a maximum of 5% for pension earned before 31 March 2010 and 2.5% for pension earned after that date.

The following increases were awarded on 1 April 2023:



DOES YOUR PENSION HAVE A 'BEST-BEFORE' DATE?

What's the best time to take your pension?

Your pension is designed to be paid from a set point in time, usually your Normal Retirement Date (NRD), which in our Fund is 65. However, under the Fund Rules, you can take it earlier or later than your NRD. Here are some reminders of the choices you have with when and how you take your pension...

Taking your benefits early

If you take your benefits early, your pension payments will be reduced in order to account for the longer length of time that they will need to support you.

You may have the option to take out a bridging pension, which acts as an additional benefit paid between your date of retirement and the date you can claim a State Pension, at which point the bridging pension would be discontinued. A bridging pension could be particularly handy for bridging the gap between your chosen age of retirement and the date you qualify for a State Pension. You can find out more on the member website at www.rochepensionfund.co.uk

The earliest you can take your pension is 55, although this minimum pension age is rising to age 57 from April 2028. (Some members may have a protected pension age of 50 and won't be affected by this change.)

Taking your benefits later

If you choose to take your pension later than your NRD, your payments will be increased due to the shorter length of time your pension will be needed to support you. Under the Fund Rules, you must draw your pension by age 75.

You also have the option to take your State Pension later, should you wish to. When you reach your State Pension Age, you don't have to claim your State Pension straightaway.

You can get a State Pension forecast at www.gov.uk/check-state-pension

PENSIONS ROUND-UP

News from the pensions world.

Watch out for pension scams

It's an unfortunate fact that anybody can become a victim of a pension scam. The amount people lose has no limit – some victims have lost as much as £500,000! There are a few common warning signs you can look out for to ensure the future you deserve is protected.

- 1 Cold calls**
Unexpected pension offers whether made online, on social media or over the phone are nearly always scams. These types of calls have now been banned, so if you do get one, hang up, don't reply to emails or texts, and don't follow links.
- 2 Unregulated advisers**
Make sure you know who you're dealing with before changing your pension arrangements. Check the ScamSmart website www.fca.org.uk/scamsmart or call **0800 111 6768** to see if the firm you're dealing with is authorised by the Financial Conduct Authority (FCA) to give advice on pension transfers.
- 3 Limited time offers**
You should never be rushed or feel pressured into making any decision about your pension.

Don't let a scammer enjoy your retirement – remain vigilant and protect your future.

State Pension Age changes

The Government has shelved plans to bring forward an increase in the State Pension Age (SPA) to 68. Under current legislation, the SPA is expected to increase to 68 between 2044 and 2046. The Government had proposed bringing this forward to 2039 (with the media reporting that it could even happen as early as 2033). However, earlier this year the Government confirmed that the SPA timetable would remain unchanged for the time being.

WHO'S WHO ON THE TRUSTEE BOARD?

Meet our new Trustee Directors.

Earlier this year, a Selection Panel interviewed a good selection of applicants who'd put themselves forward to be the Fund's new Member Nominated Directors (MNDs). This followed a comprehensive review of the structure of the Trustee Board.

We were delighted to appoint four MNDs, who took up their places on the Board with effect from 22 March 2023. Three are current Roche employees and one is a retired member (and an existing MND).

Jennifer Ball
Clinical Operations Lead, active member

Jennifer put herself forward for the MND vacancy on the Board in 2023 because she has a passion for personal finances and wants to support colleagues in ensuring their hard-earned money is invested in the best possible way.

Chris Bennett
Pensioner member (and existing MND)

Following retirement, Chris felt he had something further to contribute and so put his name forward to be an MND.

Mark Pattenden
Business Information Architect, active member

Recent changes to the Roche Pension Fund prompted Mark to take a greater interest in how the Fund is managed.

Marius Scholtz
Medical Cluster Lead, active member

A health-related challenge in 2019 sparked Marius' interest in pensions; he admits that he had not taken his pension very seriously up until that point.

We'll stagger the MNDs' terms of office so they don't all leave the Trustee Board at the same time. Jennifer and Mark have been appointed for an initial term of four years, while Chris and Marius have been appointed for a two-year term. We'll run another MND selection process in two years' time to select two MNDs to serve a full four-year term of office (and Marius and Chris will be eligible to stand for re-selection at that point, if they wish).



Find out more about our new MNDs (and the four Directors who are appointed by Roche) on our new member website – simply go to the 'About the Fund' page.

CONTACT US

Where to go for further support.



Member website

www.rochepensionfund.co.uk

(no login required for this general member website)

DB Section administrator

Willis Towers Watson (WTW)



Email: rochepensions@wtwco.com



Call: 01707 607 608

MoneyHelper

MoneyHelper (www.moneyhelper.org.uk) is a Government website that provides information and guidance on money, pensions and debt, with an online retirement directory where you can search for an adviser.



Principal Employer of the Roche Pension Fund