

Crown Agents Superannuation Scheme Member Newsletter – January 2023

Dalriada.
A better way

Dear Member

Welcome to the Crown Agents Superannuation Scheme (“CASS” or the “Scheme”) Newsletter. This Newsletter covers the funding of the Scheme, Scheme investments, Scheme cashflows and financial information, membership information and updates from the pensions industry.

Dalriada is the Trustee and administration provider for the Scheme. Should you have any questions in relation to your benefits, please contact Dalriada. It is also important that you keep us up to date with any changes of address or personal circumstances.

Dalriada’s contact details are as follows:

Dalriada Trustees Limited
The Culzean Building
36 Renfield Street
Glasgow
G2 1LU

Tel No: 0141 331 1053
Email: CASS@dalriadatrustees.co.uk



Dalriada. A better way

Your Team

The Scheme has a team of dedicated pension professionals, which includes:



Vassos Vassou

Accredited
Professional
Trustee



Adrian Campbell

Accredited
Professional
Trustee



Kirsty Bain

Support Pensions
Trustee



Kerry Thomson

Pensions
Administrator

Vassos Vassou leads the Trustee team and is a Director of Dalriada. Vassos entered the pension industry in 1995 and is a Scheme Actuary with over 18 years’ post-qualification experience.

Adrian Campbell is responsible for the day-to-day activities on the Trustee team. Before joining Dalriada, Adrian gained extensive experience from working for the Pensions Regulator where, amongst other things, he was a Lead Inspector on several high-profile Pension Scam investigations.

Kirsty Bain provides support to the Trustee team and joined Dalriada in September 2020. Kirsty has experience in pensions administration and scheme governance.

Kerry Thomson is the lead pensions administrator and is responsible for the day-to-day administration of the Scheme, including addressing member queries. Kerry has experience in Defined Benefit Calculations, Pension Increases and data testing.

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Actuarial Position

The Scheme pays retirement pensions and, even after a member's death, may still pay benefits to dependants. The money to provide these benefits comes from the Scheme's investment fund and contributions paid into the Scheme. This money is held in a common fund, which means that there are no separate funds for each individual. Accordingly, the Scheme's ability to pay the benefits depends on the performance of the investment fund and the continuing financial health of Crown Agents Limited (the Employer).

An in-depth assessment of the Scheme's financial situation is carried out by the Scheme Actuary at least every three years in a process known as an Actuarial Valuation. The most recent Actuarial Valuation was carried out as at 31 March 2020. The Scheme Actuary also carries out annual checks on the financial security of the Scheme between full Actuarial Valuations. The results of these checks are shown in the Annual Funding Update for the Scheme. The most recent Annual Funding Update was carried out as at 31 March 2022 and the results of this update are shown below. The results of the Annual Funding Update as at 31 March 2021 and the Actuarial Valuation as at 31 March 2020 are also shown below for comparative purposes.

	31 March 2020 (£m)	31 March 2021 (£m)	31 March 2022 (£m)
Scheme assets	238.2	243.1	240.4
Scheme liabilities	307.1	292.5	290
Surplus/(Shortfall)	(68.9)	(49.4)	(49.6)
Funding level	78%	83%	83%

The funding level increased over the period from 31 March 2020 to 31 March 2022. The main reasons for the change in the funding level since 31 March 2020 are higher than expected investment returns and changes in market conditions.

Following the 31 March 2020 Valuation, the Trustee and the Employer agreed a revised Schedule of Contributions as at 1 June 2021 for the Scheme, with contributions to be paid as follows:

- Remainder of Scheme Year June 2021 to March 2022 (inclusive) £416K
- 2022 – 2023 (inclusive) £0.5m per year
- 2024 – 2026 (inclusive) £1.0m per year
- 2027 – 2029 (inclusive) £1.5m per year
- 2030 – 2032 (inclusive) £2.0m per year
- 2033 – 2035 (inclusive) £2.5m per year
- 2036 and beyond £3.0m per year
- Additional contributions to be payable linked to the Employer's financial performance.
- The Employer will also meet the cost of running the Scheme through payments to the Scheme, in addition to the contributions listed above.

These contributions, together with the investment returns achieved on the Scheme's money, are expected to eliminate the shortfall by 31 July 2041. The Trustee and the Employer will continue to monitor the funding level on a regular basis in order to ensure that the Scheme's funding remains on track over the long-term.

Further details regarding the Scheme's funding is available in the Summary Funding Statement that was issued to you recently.

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Investment Summary

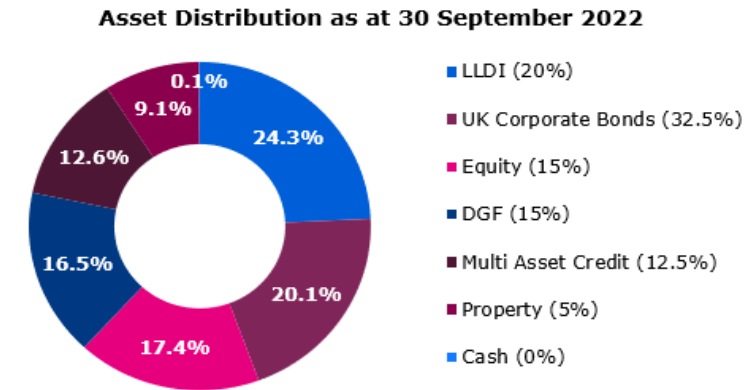
You may have read recent news headlines regarding pension schemes and recent struggles due to changing investment market conditions, notably rising gilt yields. We wanted to reassure you that the Scheme's funding level has withstood the recent market volatility.

The Trustee has been working with all parties (advisors, the Sponsor and investment managers) to adjust the Scheme's investment strategy and control the risk in the near term. We will continue to review the long-term investment strategy to ensure it remains appropriate.

As the Scheme provides members with a promised level of benefits irrespective of investment returns, the benefits that you are due to receive will be unaffected. In particular, pensions continue to be paid, as will the benefits of anyone due to retire in the near future.

The Trustee will continue to monitor the performance of the funds and the Fund Managers on an ongoing basis, making sure they deliver the returns expected.

The entirety of the Scheme's investment portfolio is invested on the Mobius Life platform. More information can be found regarding Mobius Life on their website: www.mobiuslife.co.uk. The Trustee's policy is to invest in a broad range of asset classes and the investments of the Scheme as at 30 September 2022 are shown in the diagram below.



Figures in the brackets above represent the Scheme's strategic allocation.

GMP Equalisation

You may be aware that a significant legal judgement was published which confirmed the legal requirement for pension schemes to "equalise" Guaranteed Minimum Pensions ("GMPs") built up after 17 May 1990 (in the same way that other Scheme benefits are also treated equally). This means that the Scheme will need to revisit benefit calculations and some members may receive a slightly larger benefit. The Trustee is currently undertaking this work for all members that are affected and will be writing to you in due course.

Increase to Normal Minimum Pension Age

The Government has confirmed that the Normal Minimum Pension Age (the age at which most pension savers can access their pension benefits without incurring significant tax consequences) will increase from 55 to 57 from 6 April 2028, and confirmation of the change will be included in the next Finance Bill. This coincides with the rise of the state pension age to 67 and is to help ensure pension savings provide for later in life.

The last increase in the Normal Minimum Pension Age was from 50 to 55 in 2010.

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Scheme Financial Position – 2021/2022 Scheme Year

The Trustee provides financial information on the Scheme each year to help you understand more about the Scheme's finances. A summary of the most recent audited accounts, as at 31 March 2022, is shown below.

Income	CASS I (£)	CASS II (£)	Total (£)
Employer Contributions Deficit	-	500,000	500,000
Employer Scheme Expenses Contributions		422,770	422,770
Total	-	922,770	922,770

Expenditure	CASS I (£)	CASS II (£)	Total (£)
Benefits Payable	(2,944,545)	(8,522,358)	(11,466,903)
Leavers	-	(409,131)	(409,131)
Administrative Expenses	-	(427,557)	(427,557)
Total	(2,944,545)	(9,359,046)	(12,303,591)

Investments	CASS I (£)	CASS II (£)	Total (£)
Income	2,930,871	4,087	2,934,958
Change in market value	(2,385,910)	6,735,323	4,349,413
Expenses	(39,944)	(110,020)	(149,964)
Net Return	505,017	6,629,390	7,134,407

Summary of Scheme movements	CASS I (£)	CASS II (£)	Total (£)
Net assets 1 April 2021	57,652,890	187,960,648	245,613,538
(Decrease) / Increases	(2,439,528)	(1,806,886)	(4,246,414)
Net assets at 31 March 2022	55,213,362	186,153,762	241,367,124



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Scheme Membership

There were 1,847 members of the Scheme on 31 March 2022. A summary of the membership split between the CASS I and CASS II sections is shown below. The Scheme closed to future accrual with effect from May 2015, which means that no further benefits (including Additional Voluntary Contributions) can be built up in the Scheme. Therefore, all Active members became Deferred members at the date of closure. Deferred members are non-retirement members who are no longer building up any further benefits and Pensioner members are those currently receiving a pension from the Scheme (including Dependant pensioners).

Pensioners and Dependants	CASS I	CASS II	Total
Pensioners and Dependants as at 1 April 2021	582	771	1,353
Adjustment	(8)	5	(3)
Plus new Pensioners or Dependants	6	20	26
Less Pensioners or Dependants who died or became ineligible	(32)	(24)	(56)
Pensioners and Dependants as at 31 March 2022	548	772	1,320

Deferred members	CASS I	CASS II	Total
Deferred members as at 1 April 2021	14	536	550
Adjustment	(1)	(4)	(5)
Plus members leaving service prior to normal retirement date	-	-	-
Less retirements, short service payments, transfers or deaths	(1)	(17)	(18)
Deferred members as at 31 March 2022	12	515	527

Adjustments shown are in respect of backdated movements which relate to members who have been incorrectly disclosed previously.

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Find a lost pension

Around £400m lies unclaimed in people's pension pots in the UK. When people change jobs, it is all too easy to lose track of former employers' pension schemes, especially if someone has moved house, administrators change their name or providers merge.

The Pension Tracing Service has a web service to help people quickly and easily track down their forgotten pension savings. It is a free service and although it cannot tell you whether you have benefits in a particular scheme, or how much they are worth, it will provide you with the contact details so you can get in touch and find out.

For more information, visit: <https://www.gov.uk/find-pension-contact-details>

Annual Allowance and Lifetime Allowance

Pension savings for a year which total more than the Annual Allowance may incur a tax charge upfront. For most people, the Annual Allowance (AA) is currently £40,000. For high earners, the AA reduced to between £4,000 and £40,000 from 6 April 2016. Broadly, the reduction doesn't apply to people who have taxable income of less than £200,000 a year; for those that are affected, the AA differs depending on income levels.

For Further information, see:

<http://www.gov.uk/tax-on-your-private-pension/overview> or
<http://www.hmrc.gov.uk/manuals/ptmanual/index.htm>

"Pension savings" include the value (using tax rules) placed on pension earned in a defined benefit scheme along with any money purchase contributions (including any Additional Voluntary Contributions or contributions to personal pensions) made by you and/or your employer.

For the 2022/23 tax year, the Lifetime Allowance is set at £1,073,100. Some people may have a higher figure – if your pensions savings exceed the Lifetime Allowance, you may need to pay tax.

Further details are available at:

<https://www.moneyadvice.service.gov.uk/en/articles/the-lifetime-allowance-for-pension-savings#charges-if-you-exceed-the-lifetime-allowance> (there is an option to register with HMRC for protection from Lifetime Allowance charges arising from future changes in the rules).

Is your Expression of Wish Form up to date?

Under the Rules, the Trustee has complete discretion when deciding who receives any lump sum from the Scheme following your death, but your wishes are taken into account. This means the benefit does not form part of your estate and is free from Inheritance Tax. The Expression of Wish Form lets you tell the Trustee who you would like to receive any lump sum benefits if you die.

It is important to keep your Expression of Wish form updated with any changes in your personal circumstances. We keep details of your wishes on record so that we can identify anyone you have nominated to receive any lump sum benefit if we ever need to do so.

An Expression of Wish form is available on request. Please contact Dalriada (details on page 1) if you would like to update your Expression of Wish form.

Member Portal

In addition to contact details provided on page 1, members can contact Dalriada and review their benefits using the member portal at: <https://dalriadamember.mantlehosting.co.uk>.

If you do not have your login details, please email CASS@dalriadatrustees.co.uk for these to be updated.

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Where you can get Financial Advice

The Trustee recommends getting financial advice before you make any decisions regarding your benefits in the Scheme, in particular if you are thinking of transferring your benefits out of the Scheme.

If you do not currently have a financial adviser, the following government website helps to explain the differences between financial advisers and provides a link to the website of the Financial Conduct Authority (FCA), where you can check if any financial adviser is registered:

<https://www.gov.uk/government/publications/joint-service-housing-advice-office-leaflet-index/choosing-a-financial-advisor>

There is also publicly accessible guidance available to help you; this will not be tailored to your personal circumstances but can help you to better understand your options. If you have any DC benefits, including AVCs, you can access a free government guidance service when you retire via www.pensionwise.co.uk.

The Money Advice Service has developed a useful tool that provides members with an estimate of income at retirement. Members input details of their DB benefits, DC pot and State benefits and it will help identify any retirement shortfall against target and provide ways to improve this.

The website also has other useful sections that members may wish to explore, including pension basics and help with finding a financial adviser. The link is shown below:

www.moneyadviceservice.org.uk/en/tools/pension-calculator.

Beware of Pension Scams

Unfortunately pension scams remain a risk for members. Market volatility and economic uncertainty often presents opportunities for scams, and the Trustee will remain vigilant and follow best practice in this area. It is also important for savers to be aware of the risks from pension and investment scams, especially in times of heightened uncertainty.

There is a concern that members might increasingly look to transfer their benefits, prompted by the perceived instability of their employers or volatile financial markets. There is protection available to defined benefit (DB) pension scheme members from the Pension Protection Fund (PPF).

The PPF has a duty to protect people with an eligible defined benefit pension when an employer becomes insolvent. So, if you are a member of an eligible DB scheme and your employer becomes insolvent and cannot afford to fund the scheme so that it has enough assets to pay you the benefits due, then the PPF will pay you compensation, subject to certain limits. If you transfer your Scheme benefits to a personal pension arrangement, for example, you will lose the potential protection of the PPF. More information on the PPF and the level of protection it gives to eligible DB schemes can be found at: www.ppf.co.uk/who-we-are

Please remember that you cannot change your mind once you have transferred out of a DB pension.

You must remain vigilant and aware that scammers see your pension pot as an attractive target, so here are some reminders of the key things you should watch out for if approached about your pension.

No reputable firm will cold call, text or e-mail you out of the blue about your pension.

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UNSOLICITED CONTACT

Have you been contacted through a cold call or a text message? Reputable pension providers or advisers will not use this sales technique. Cold calls or texts are a common way to introduce a person to a scam and the pushier the salesperson, the more likely it is to be a scam.

SINGLE INVESTMENT

Putting all your eggs in one basket is rarely a good idea. Usually, a reputable financial adviser will recommend a range of investments to reduce or spread risk. Any suggestion that you invest all of your pension fund in a single speculative investment should be treated with a high level of caution.

HOME VISITS AND COURIERED PAPERWORK

Again, these are not usually offered by reputable pension firms, not least due to the costs associated with them. If home visits and/or couriered paperwork are part of the deal, then it is likely to be a scam. Applying pressure on people in this way is a technique used by scammers to persuade people to transfer quickly without the chance to take proper advice.

UNREALISTIC LEVELS OF INVESTMENT RETURNS

In today's investment market, the sort of high returns that scammers offer are unrealistic and would introduce significant risk to your pension fund. Be very wary of marketing material that promises big investment returns and/or targets 'sophisticated investors'. Remember, if it looks too good to be true, it probably is. Always discuss your options with a properly regulated professional independent financial adviser before making important decisions. Scammers work with unregulated advisers or introducers meaning that you are not protected if you rely on their advice. You can check that your adviser is a regulated adviser on the FCA register here: www.fca.org.uk/firms/financial-services-register

ACCESSING PART OF YOUR PENSION BEFORE AGE 55

Unless you are in very serious ill health, or one of the very few people with a protected pension age, this is a scam, pure and simple. It can also lead to severe tax penalties.

OVERSEAS INVESTMENTS

Overseas investments, especially overseas property investments, must be treated with a great deal of caution and they are likely to be unregulated investments. Scammers work with unregulated investments meaning that you are not protected if you invest in them. Proper research should be conducted and, once again, you should speak to a professional independent financial adviser.

Find the latest guidance from the Pensions Regulator here:

www.thepensionsregulator.gov.uk/en/pension-scams

The Administrator of the Scheme is in regular contact with the Regulator to identify potential scams, has processes to try to identify these schemes and may raise concerns with you prior to any transfer proceeding. However, as noted above, you should continue to be vigilant. Once a transfer has been made, it is too late to revisit your decision.

IMPORTANT!

Aside from Pension Scams – there is always the possibility that a scammer may contact a pensioner or deferred member purporting to be the scheme administrator, for example asking you to confirm your bank details.

Beware of any calls of this nature and do not provide any personal information over the phone. Should you ever have any concerns in this regard, please contact us using the details shown at the start of this newsletter.

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Help with the Cost of Living

GUIDANCE

The Government has recently updated its guidance on getting an extra payment to help with the cost of living if you are entitled to certain benefits or tax credits. The guidance covers:

- Low-income benefits and tax credits
- Report a missing Cost of Living Payment for a low-income benefit
- Disability Cost of Living Payment
- Pensioner Cost of Living Payment
- Other kinds of support

The guidance, which includes links to Benefits Calculators, can be found at www.gov.uk/guidance/cost-of-living-payment.

In addition, from 1 October 2022 a new 'Energy Price Guarantee' was introduced. This will ensure that a typical household in Great Britain pays an average of £2,500 per year on their energy bills for the next 2 years. The consumer saving will be based on usage however it is anticipated that a typical household will save at least £1,000 per year.

This is in addition to the £400 Energy Bills Support Scheme, which will be paid in 6 instalments from October 2022.

The most vulnerable UK households will also continue to receive £1,200 of support provided in instalments for the year.

An additional discretionary fund will be available for those households which are outside of the schemes. For example, households not on standard gas / electricity contracts.

Pensioners' Section

WINTER FUEL PAYMENT

The Winter Fuel Payment is an annual tax-free payment to help with heating costs. Most payments are made between November and December. You may be eligible for the Winter Fuel Payment if you meet all the following criteria:

- you were born on or before 25 September 1956 (to be eligible for the financial year April 2022 to March 2023 – the eligibility birth date changes every financial year);
- you lived in the UK for at least one day during the qualifying week (for the financial year 2022–2023, this is 19-25 September 2022).

Your payment may be different if you or your partner get one of the following benefits: Pension Credit, income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Income Support.

Visit the following website on information on how to claim:

www.gov.uk/winter-fuel-payment/how-to-claim

COLD WEATHER PAYMENT

You may get a Cold Weather Payment if you get Pension Credit (or certain other benefits). You will get a payment if the average temperature in your area is recorded as, or forecast to be, zero degrees Celsius or below for 7 consecutive days. You will get £25 for each 7-day period of very cold weather between 1 November and 31 March.

WARM HOME DISCOUNT

You could get £150 off your electricity bill under the Warm Home Discount Scheme. The money is not paid to you - it is a one-off discount on your electricity bill, between October 2022 and March 2023.

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You may be able to get the discount on your gas bill instead if your supplier provides you with both gas and electricity. Contact your supplier to find out.

There are different ways to qualify for this discount depending on where you live. If you live in England and Wales, you qualify if you either:

- get the Guarantee Credit element of Pension Credit - known as the 'core group 1'; or
- are on a low income and have high energy costs - known as the 'core group 2'.

If you live in Scotland, you qualify if you either:

- get the Guarantee Credit element of Pension Credit - known as the 'core group'; or
- are on a low income and meet your energy supplier's criteria for the scheme - known as the 'broader group'.

How you apply for the Warm Home Discount Scheme depends on how you qualify for the discount.

WHAT ELSE AM I ENTITLED TO?

State benefits:

- **Travel Concessions** – In England, you are entitled to free bus travel when you are older. If you are a woman living in England, you can get free bus travel once you have reached State Pension age. If you are a man living in England, you can get free bus travel once you have reached the State Pension age of a woman born on the same day as you. You may also get travel concessions on other sorts of public transport.

- **Council Tax Reduction** – If you are on a low income or claim benefits, you could be eligible for a council tax reduction. The most you can get is a 100% reduction, so it is well worth applying for.
- **Senior Rail Card** – once you are 60 you become entitled to a Senior Railcard. For £30 a year you get a third off all rail travel. For more information visit www.senior-railcard.co.uk
- **Free Prescriptions** – If you live in England, you can get free prescriptions from the age of 60. Prescriptions are already free for everyone in the rest of the UK

Other benefits:

It is not just the government that makes provisions for helping pensioners make their money go further. Some types of business, such as restaurants, cinemas and theatres also offer discounts for people over 60 or 65. Even if you cannot see anything advertised, it's always worth asking if someone offers a senior discount.

- **Free 75 TV Licence** – In August 2020, the BBC introduced a new scheme which offers some over 75 households a free TV license. You can get a free TV license if you (as the license holder) are 75 years or older and you (or your partner living at the same address) receive Pension Credit. For more information, please visit the TV Licence website at www.tvlicensing.co.uk
- **Glasses** - 20% off your glasses at Specsavers from Monday to Friday, on selected ranges for over 60s.
- **Money off Museum Visits** – Most museums offer concessions for senior citizens – English Heritage and National Trust both offer reduced memberships too.
- **Help Around the House** – Age UK's free Handyman service is for over- 60s with less than £20,000 in savings. It installs security systems and fits smoke alarms, to make you feel safer. It can also assist with small repairs around the house.

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- **National Express** – If you are over 60 the Senior Coachcard offers a great way to save 1/3 on Standard and Flexible tickets to hundreds of towns, cities and airports across the UK. A Senior Coachcard is £12.50 (plus £2.50 p&p) a year.

Pensions Terminology

- **Scheme liabilities** are the estimated costs of providing the benefits for all members included in the Scheme.
- **Scheme assets** are the funds built up from monies invested, together with returns on the Scheme's investments.
- **Leveraged Liability Driven Investments ("LLDIs")** are a type of investment that is designed to manage the risk of changes in the value of the Scheme's liabilities due to changes of interest or inflation rates.
- **Multi-Asset Credit** is a type of investment that gains broad exposure to the credit market (i.e., bonds) to maximise the total return from a globally diversified portfolio.
- **Diversified Growth Fund ("DGF")** is an investment fund that invests across multiple sectors, including equities, bonds, properties commodities and infrastructure, to provide long-term investment growth through exposure to this diversified range of asset classes.