Roche Pension Fund

Pensions**Line**

Step into your future

Defined Benefit (DB) Section

March **2024**

HELLO

Welcome to our member newsletter.

We're pleased to publish our first Taskforce on Climate-related Financial Disclosures (TCFD) report for the year to 31 March 2023, which is available on our member website, **www.rochepensionfund.co.uk.** The report sets out how we assess, monitor and manage the Fund's exposure to climate risks and opportunities.

Looking ahead, the Trustee is expecting another busy year. As you may know, 2024 is our triennial actuarial valuation year, where the Fund's assets and liabilities are formally assessed. We're currently agreeing the assumptions that will be used by the Fund actuary in carrying out these important calculations. The Summary Funding Statement on page 9 provides the latest funding update, based on the actuary's check-up as at 31 March 2023, using the assumptions that were agreed in 2021. This shows that the funding level had improved since the last assessment, increasing from 97% to 99%, despite a fall in the value of the assets.

We will also be required to produce the Fund's first Own Risk Assessment, as part of the (delayed) Pension Schemes Act 2021 requirements. This report has to cover how well our governance policies and procedures are working and how potential risks are being managed, but we have no concerns about how our Fund is meeting these requirements.

We hope you find this report useful and interesting. If you have any topics you'd like us to cover in a future issue, please get in touch with the Trustee through the Secretary to the Fund: **rochepensions@qallp.co.uk**

WHAT'S INSIDE?

FACTS & FIGURES

The DB Section closed to future accrual on 30 June 2023 and all its active members joined the DC Section to continue their retirement savings.

The total value of the DB Section was **£760 million** at the end of March 2023.

Here are some other facts about the DB Section...

	2023	2022
DB Section **active** members	**146**	157
DB Section **deferred** members	**2,227**	2,360
DB Section **pensioners**	**2,360**	2,303

Our pensioner population includes **485 beneficiaries** who are receiving a pension as the spouse or dependant of a member.

2023 £760m

2022 £1,051m 2021 £1,035m

DB Section assets

Take it online

If you have a general question about the Fund, visit our dedicated member website at **www.rochepensionfund.co.uk** to see if it's answered there. If you have a specific question about your pension account, get in touch with WTW.

FUND NOTICEBOARD

GMP update

In May, the Trustee wrote to our non-pensioner members about a review of scheme pensions that was needed to address inequalities in relation to historical Guaranteed Minimum Pension (GMP). Affected members were given the opportunity to ask questions about the proposal, and the period to do this ended on 14 June 2023. After considering the feedback, we can confirm that, for those affected, the proposed GMP conversion will go ahead as planned. Retirement packs from 30 September 2023 reflect the changes.

Who gets your pension?

Your spouse or civil partner would normally receive a pension from the Fund on your death, but what happens if you're not married or in the middle of a separation or divorce?

If you're survived by a spouse or civil partner, a pension will always be paid to that person rather than to another dependant. However, in some circumstances (if, say, you're separated from your legal partner), the Trustee may consider dividing the pension between your spouse/civil partner and another dependant – but you need to tell them who you'd choose to receive your pension if you die, by completing a Nomination form. The Trustee will always consider your wishes when deciding who to pay your money to.

You're also strongly advised to arrange a Will at the earliest opportunity. It's never too soon to get your affairs in order because if you die without a Will, you won't have any say in how your money, property or possessions will be allocated. In the same way, without any indication of who you'd prefer to receive your pension, the Trustee may have to make these difficult decisions on your behalf.

If you're unsure if you need to nominate your beneficiaries, please call WTW, who will help you.

Are you planning to retire early?

In April 2028, the government is raising the minimum age when people can start taking their pension benefits from age 55 to 57. The last time it changed was in 2010, when it went up from 50 to 55. However, all the deferred members in the DB Section of the Fund have a protected pension age of 50 and won't be affected by this latest change – although it's important to realise that there are some circumstances where you can lose your protected pension age (PPA) status.

For example, if you transfer your pension out of the Fund, you may still be eligible to retire at 55 rather than 57, but you won't be able to retire between 50 and 55.

It's also important to realise that if you have benefits in both the DB Section and the DC Section of the Fund, you may lose your PPA if you don't take them at the same time. So, before you make any decisions about taking your Fund benefits, make sure you understand the impact of your choices on your PPA.

PENSIONS NEWS

Lifetime Allowance update

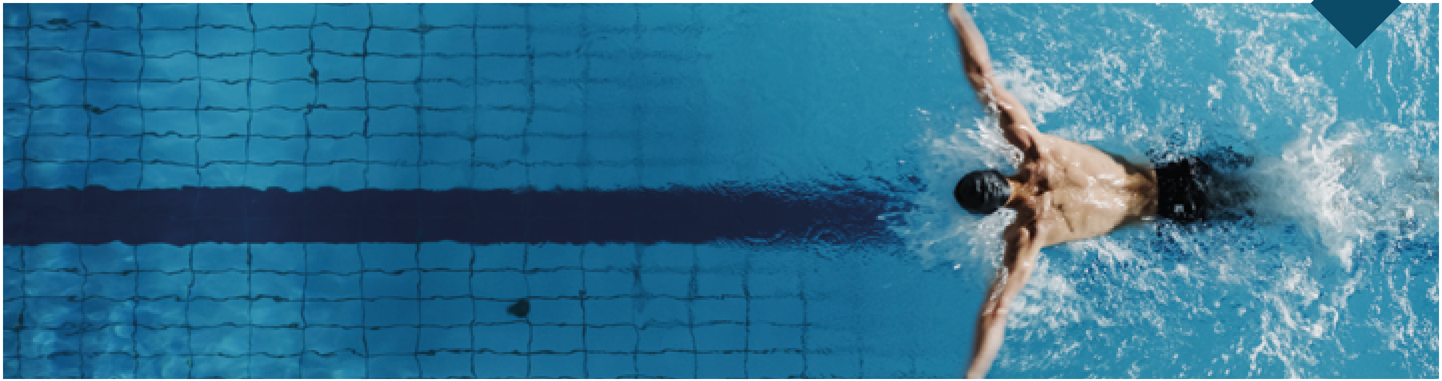
Our last newsletter told you about the government's plan to remove the Lifetime Allowance (LTA) from April 2024. In its draft legislation, it is proposing to replace the LTA with a new 'lump sum allowance' and an overall 'lump sum and death benefit allowance' set by reference to the current LTA (£1,073,100). The draft legislation focuses on how member and death benefit lump sums will be taxed after the LTA is removed, with some detail left to regulations. If you think you may be affected, you should consider getting proper financial advice.

Don't fall victim to a pension scam

Research has found that half of pension savers don't believe they're at risk of being targeted by a pension scammer. Unfortunately, pension scams can happen to anyone, and no pension pot is too small for a scammer.

Some scammers are now operating as so-called claims management companies and attempting to use 'subject access requests' to get their hands on your personal pension data. Please be particularly vigilant if you're approached in this context.

Find out how to be a scamsmart investor here:
www.fca.org.uk/scamsmart

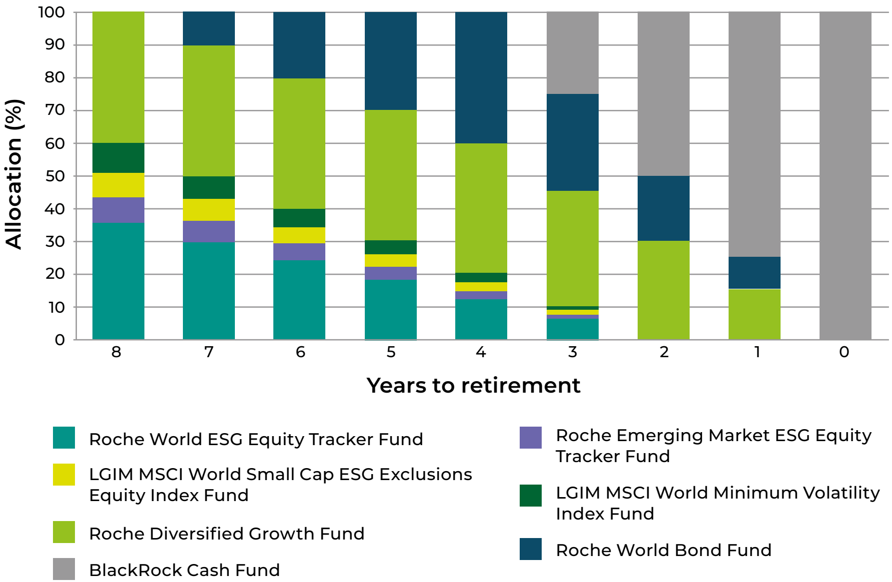


IF YOU PAID EXTRA CONTRIBUTIONS

If you paid extra contributions while you were an active member to help top up your pension, this money is invested and managed by Fidelity, and its value can go up and down in line with market changes. Even though you can't pay more into your pot, you can still manage the investments.

Most DB Section members who've paid Additional Voluntary Contributions or sacrificed their bonus (Bonus Choice) invest their savings in the Roche Lifestyle Strategy Targeting Cash. This is the default investment for such members, unless you decided to move your funds elsewhere.

Roche Lifestyle Strategy Targeting Cash



A lifestyle strategy gradually adjusts and moves your funds into investments which are likely to be lower risk, as you get closer to retirement. The chart shows how this switching process works for the Roche Lifestyle Strategy Targeting Cash.

It's automatic

We've had a few enquiries recently from members who were concerned that their AVCs were being switched into funds that are feeling the impact of recent market volatility and rising interest rates. They may have noticed from their 2023 benefit statement that the value of their AVCs had fallen, or perhaps they've been tracking movements in real-time on PlanViewer.

It's important to understand that the lifestyle switching process happens in a completely automated way. If a portion of your account is due to be switched from Fund A into Fund B, this will happen regardless of what is happening in investment markets at the time. Even if Fund A is outperforming Fund B at that point, your money will still be switched.

Taking cash – or not?

As its name suggests, the Roche Lifestyle Strategy Targeting Cash assumes you will want to take your AVC or Bonus Choice account as cash at retirement, and your pension pot will therefore be fully invested in cash at your selected retirement date. This is probably suitable for most members, who might want to put their AVC/Bonus Choice account towards their tax-free cash allowance at retirement, but you may have something else in mind, in which case this approach might be too cautious. In this case, you might want to consider the other investment options that are available. You can change your investments through PlanViewer.

Are you getting value from the Fund?

Every year, the Trustee is required to produce a Chair's Statement for the Fund's DC Section investments (which includes AVCs/Bonus Choice investments). It summarises the Fund's arrangements and explains to members how it provides them with value for money. It forms part of the Trustee's formal Report and Accounts, which are audited by PricewaterhouseCoopers. A copy of the full Report and Accounts for the year ending 31 March 2023 is available on request from WTW, the Fund administrator. Contact details are on the final page.

SUMMARY FUNDING STATEMENT 2023

What is a valuation?

Every three years the Fund's actuary, an adviser to the Trustee, carries out an in-depth look at the Fund's finances. This is called an actuarial valuation. The actuary also carries out less detailed but more regular 'annual check-ups' on the Fund's financial position.

Both the valuation and the annual check-ups look at the position of the Fund on a particular day – in our case, 31 March. The funding position can change from day to day.

The money that has been paid into the Fund is invested so that it will grow and can provide members' benefits as they become payable. The money is held in a communal fund, not separate funds for each individual (with the exception of members' Additional Voluntary Contributions/Bonus Choice account). The amount of money invested is known as the Fund's 'assets'.

The estimated cost of providing the benefits that you and other members have built up in the Fund to date is known as the 'liabilities'. This includes the benefits of members who have left employment but whose pension is still in the Fund, or who have retired and are receiving a pension from the Fund.

To check the Fund's financial security, the actuary compares the value of its liabilities to its assets. If the Fund has fewer assets than liabilities, it's said to have a 'shortfall'. If the assets are more than the liabilities, it's said to have a 'surplus'.

Pensions are paid out over a long period of time, so a shortfall doesn't mean that the Fund won't be able to pay members' benefits. However, the Trustee and the Company are working together to remove the shortfall and to reduce the risk of the shortfall increasing significantly, for example, by changing the investment strategy so that the Fund's shortfall is less likely to change suddenly and unexpectedly.

What did the latest check-up show?

	Assets* (£m)	Liabilities (£m)	Shortfall (£m)	Funding level (%)
2023 (check-up)	**£1,034.6m**	**£1,050.1m**	**£15.5m**	**99%**
2022 (check-up)	£1,326.7m	£1,361.7m	£35.0m	97%
2021 (valuation)	£1,275.2m	£1,358.3m	£83.1m	94%

*This figure represents the Fund's total assets, including the money in the DC Section.

How has the funding level changed?

Last time we wrote to you we explained that the funding level of the Fund as at 31 March 2022 was 97%. The latest check-up showed that the funding level had improved to 99%. The main reasons for this change were a net improvement in market conditions over the year, leading to the market value of the assets falling but to a lesser extent than the fall in the value of the liabilities, and payment of deficit contributions by the Company. The next full valuation will look at the position on 31 March 2024.

What is being done about the shortfall?

After each valuation, the Trustee and the Company discuss what contributions may be required from the Company to remove the shortfall. Following the 2021 valuation, they agreed that the Company would make additional contributions of:

- £1.25m a month between 1 July 2022 and 31 March 2024; and
- £0.6m per month between 1 April 2024 and 30 November 2026.

At the date of the full valuation, these contributions, together with the Fund's assumed investment returns, were expected to eliminate the shortfall by 30 November 2026.

Payments to the Company

By law, the Trustee must also tell you whether there have been any surplus payments to the Company out of the Fund in the last 12 months. The Fund does not currently have a surplus and no surplus payments have been made in recent years.

What would happen if the Fund was wound up?

As part of the valuation, the actuary must also look at the funding level if the Fund was wound up. Including this information does not mean that the Company or the Trustee are planning to wind up the Fund. The Trustee is required by law to give you this information. If the Fund had wound up as at 31 March 2021, the Trustee would have had to pay an insurance company to provide all members' benefits in full.

The actuary estimated that the Fund's assets would have covered around 72% of the amount needed.

The Trustee aims to have enough money to pay pensions and other benefits to members as they fall due, rather than having to pay an insurance company to provide the benefits, which can be very expensive.

Pension Protection Fund

The Pension Protection Fund was set up in 2005 by the government to compensate members of eligible UK pension schemes which are wound up when the employer is insolvent and the scheme does not have enough assets to cover members' benefits. All eligible pension schemes are required to contribute to the PPF by paying a levy each year.

Further information is available at **www.ppf.co.uk**

The Pensions Regulator

The Pensions Regulator is responsible for regulating work-based pension schemes in the UK. Its aims include protecting members' benefits and promoting good scheme administration. You can find more details at **www.thepensionsregulator.gov.uk**

The Trustee needs to tell you if the Regulator has used its powers in relation to the Fund over the last year, for example, by changing the way future benefits build up, or the way the funding target is worked out, or amending the employer contribution rate. The Regulator hasn't used its powers in relation to the Fund.

WAYS TO GET IN TOUCH

If you have a question about your pension, you can pick up the phone to talk to the admin team or send an email and someone will get in touch. Please note, WTW has a new email address so make a note of it.

Email: rochepensions@wtwco.com

Call: 01707 607 608

Member website

Remember to visit our dedicated member website at **www.rochepensionfund.co.uk**

We'll post regular updates about developments in the Fund in the news section, and update the Library with the latest versions of member guides and trustee documents. If you haven't visited already, please do take a look.

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.

Roche

Principal Employer of the Roche Pension Fund