Roche Pension Fund

PensionsLine

Step into your future

Defined Contribution (DC) Section

August **2024**

WELCOME

A warm welcome to the summer issue of *PensionsLine*, the newsletter for defined contribution (DC) members of the Roche Pension Fund.

We've got some important updates for you – starting with the article on page 4 that explains why the projected income figure quoted on your annual benefit statement this year might look a bit different.

Your benefit statement will be available to download through PlanViewer. If you're an active member, you'll also receive a video statement by email, giving you the highlights from your statement. If you need help logging in to PlanViewer, you should contact Fidelity on **pensions.service@fil.com** or call 0800 3 68 68 68.

Did you know, saving into a pension scheme is a tax-effective way of building up money for the future, especially if you use salary sacrifice to pay your contributions. The article on page 9 shows the impact that paying just an extra 1% can have on your pension account.

Remember, if you're still working for Roche, you can also ask to pay some of your annual bonus into your pension account during our annual Bonus Choice window.

We hope you enjoy this issue of *PensionsLine*.

WHAT'S INSIDE?

WORKPLACE WEBINARS

Fidelity International hosts regular webinars, open to all Roche members, that are designed to help you plan for the future and become more financially resilient.

The webinars cover a range of topics, tailored to different age groups and levels of financial understanding. So whether you're on the road to retirement, or just starting to save, check out what's coming up at:

https://retirement.fidelity.co.uk/webinars

It's easy to register for the webinars using the above link, where you'll also find recordings of previous sessions if you miss any.

Fidelity launched a new version of the PlanViewer app at the end of June – but don't worry, if you're already using the app, you won't need to update your login credentials.

They've also introduced one-time passcode (OTP) authentication, making it safer and easier to verify your identity. It's important to check your email address and mobile phone number are up to date on PlanViewer.

MAKING SMPI SIMPLER

Some of the key investment assumptions that are used in your annual benefit statement have changed this year.

Your annual benefit statement includes a Statutory Money Purchase Illustration (or SMPI) that shows your projected future income from the Roche Pension Fund, based on certain assumptions that are set out in pensions regulations.

The government has updated these regulations, so the investment assumptions used for SMPI calculations have changed for all statements produced on or after 1 October 2023. This means that the projected pension income in your statement this year may look different from last year.

How have the investment assumptions changed?

Your pension income depends on a number of factors, including the investment returns achieved and annuity prices at retirement. When Fidelity works out what your pension account might be worth at retirement, they also have to make assumptions about these.

"The projected pension income in your statement this year may look different from last year."

Prior to 1 October 2023, the growth rates used to estimate the value of your pension account at retirement were set by Fidelity and were based on the types of assets you held in your pension. For example, there was a growth rate used for forecasting the future value of funds based on equities (stocks and shares) compared to a fund invested in bonds.

The regulations now require Fidelity to use assumptions based on the past performance of the fund/s you are invested in over the last five years to 30 September 2023 and group these into one of four 'volatility groups'.

As all pension companies now use the same calculation method, if you have a number of different pensions, it'll be easier for you to compare their estimated future value against one another.

Remember, these are assumptions, and your actual pension income depends on the actual investment returns achieved, the amount of future contributions and annuity prices at retirement. You also have the option to take your income in ways other than an annuity.

You can read more about the SMPI changes on Fidelity's website at **https://bit.ly/3KyaUK3** or if you have further questions, speak to an independent financial adviser.

FUND NOTICEBOARD

Eeny meeny miny mo(ney)

As you may recall, the Fund's retirement options policy was updated a few years ago to give members more flexibility in how they take their pension savings. This means you have more choices as you approach retirement – and more decisions to make. As a reminder, the main options available to you are:

Single retirement options

This is where you take all the money in your account in the same way at the same time (after taking any tax-free cash you're entitled to).

So your options are:

- Buy an annuity from an external provider, which provides a guaranteed income; or
- Take it all as a cash lump sum; or
- Transfer it out in full to another arrangement, where you can keep it invested and take money out as and when you need it.

Dual retirement options

This gives you more flexibility to mix and match different options:

- Buy an annuity + take a cash lump sum; or
- Take a partial transfer to another arrangement + buy an annuity; or
- Take a partial transfer to another arrangement + take a cash lump sum.

As you approach retirement, Fidelity International will write to you about your retirement choices from the DC Section. If you're aged 50+, you can get free guidance on your options from Pension Wise, which is part of the government's MoneyHelper service (**www.moneyhelper.org.uk**).

You may also want to speak to an independent financial adviser when you get closer to retirement but, please note, they usually charge for their services. You can find an adviser in your area by searching MoneyHelper's online directory.

Who gets your pension money if you die?

The Roche Pension Fund doesn't just provide for you – it can also provide vital benefits for your loved ones if the worst happens.

Whether it's family members, friends or a charity, nominating someone means they may receive a lump sum in the event of your death. You can choose as many nominees as you like to receive a percentage of the lump sum (making sure it adds up to 100%).

It's very easy to update your wishes. Just visit **www.rochepensionfund.co.uk** and click on the 'manage your account' button to log in to PlanViewer to view and change your beneficiaries. If you're an active member who's already registered for PlanViewer, you can sign in directly from the Roche network without needing any login details.

TOP TIP

If you've stored a blank copy of the form somewhere, please still update it online in future. It'll help avoid unnecessary delays at a difficult time for your loved ones and makes it so much easier for you to keep track of your wishes.

Member survey

We sent an online survey to DC active members in the spring, for feedback on how we can improve member communication and help you understand how your pension works. We'd like to thank everyone who took the time to complete the survey. We're currently reviewing the results and will post an update on the website and also in the next issue of *PensionsLine*.

PENSIONS NEWS

Lump sum limits

The government has replaced the Lifetime Allowance (LTA) with two new lump sum limits. These probably won't apply to most members but if you think you may be affected, you should consider taking financial advice.

You can usually take up to 25% of your pension savings as a tax-free lump sum. The new Lump Sum Allowance (LSA) limits this to £268,275, unless you have previously applied to HMRC for LTA protection (in which case a higher limit may apply).

There is also the Lump Sum and Death Benefit Allowance (LSDBA), which restricts the amount of lump sum and death benefits that can be paid tax free from all registered pension schemes to £1,073,100 (unless you have LTA protection, in which case a higher limit may apply).

Please visit our new member website for further updates on these limits: **www.rochepensionfund.co.uk**

Pensions dashboard faces delays

Despite hopes that the pensions dashboard would be launched by now, the timetable has been pushed back to give the pensions industry more time to get ready for this major project.

When it's launched, the dashboard will provide a single place where you can get information about all your savings across all pension schemes, as well as track down any lost pension accounts. The project has been given a new connection deadline of 31 October 2026, so many schemes – including ours – are working hard to get everything ready before then.

General code

A new set of governance requirements from the Pensions Regulator, called the General Code of Practice (the Code), came into force in March 2024. The Trustee and its advisers reviewed the Fund's governance against the new code, and we're pleased to say that the way we run the Fund is already largely compliant with it due to the strong governance structure in place. Where there are shortcomings, the Trustee is working with its advisers to address them.

THE POWER OF SMALL AMOUNTS

Do you know the difference saving a little bit extra (maybe 1%) to your pension might make?

It can be tricky to find that little bit extra to save, especially with so many things competing for a share of your money, but Fidelity International has built an online tool that shows you the impact just a small amount can make.

Increase your contribution by 1% and this is how much extra you could have in your pension account at age 68:

Laura

Age: 35

Earns: £27,000

For less than £6 a week, Laura could have an extra

£34,900

in her pension account

Ajay

Age: 45

Earns: £45,000

For less than £9 a week, Ajay could have an extra

£26,600

in his pension account

Debbie

Age: 55

Earns: £60,000

For less than £12 a week, Debbie could have an extra

£13,200

in her pension account

Remember, any increase in your contributions up to 5% of your pay will result in Roche paying in more too – so your pension account will grow even faster.

Check out the 'Power of small amounts' calculator today and supercharge your savings: **https://retirement.fidelity.co.uk/posa/#/**

This forecast is based on the following assumptions: annual salary growth of 3.5%; investment growth of 5%; retirement age of 68. More details are available on Fidelity's website. This tool is not a personal recommendation – it is only designed to illustrate how savings might build up over time. These assumptions may differ in real terms.

INVESTMENTS 101

As a member of the Roche Pension Fund, you can choose how your pension account is invested, using up to 14 funds selected by the Trustee, or you can use a lifestyle strategy where it's all managed for you.

The main building blocks we use in our investments (known as 'asset classes') are equities, diversified funds, bonds and cash. Here, we explain what these terms mean.

Equities

An equity is a share in a company. By buying equities, the investor has a share in the company's profits. Investors will also hope to make money from the value of their shares going up. If that happens, they will make a profit when they sell the shares.

Over the long term (say more than 20 years), equities are expected to increase more than the cost of living, but there is no guarantee that this will happen. They are expected to achieve higher returns than bonds or cash over the long term but equities can be volatile – this means that they can rise and fall in value, sometimes significantly, in relatively short periods of time.

Diversified (multi-asset) growth funds

Diversified assets include investments in lots of different things, such as equities, bonds, property, infrastructure and commodities (amongst other things). They're expected to go up more than the cost of living over the years, but there's no guarantee this will happen. They can also increase diversification by distributing the risk across the whole portfolio.

Bonds

A bond is a loan to a company or organisation. Companies and organisations issue bonds to raise money. Investors use them to get back more money than they lent. The company or organisation has to pay back the investor's loan on a certain date, plus interest until then. This interest gives the investor an income. The investor can sell the bond to another investor before it is due to be paid back.

Bonds issued by the UK government are called 'gilts', while bonds issued by companies are called 'corporate bonds'. Bonds are usually a low-risk investment – but in recent years we've seen more ups and downs in bond values.

Cash

Cash (also known as money market investments) means money in deposit accounts like bank accounts, or any loans of less than one year. Generally, cash will earn some interest, just like savings do in a bank account. Cash investments will also be more secure than other investments, but over the years the value of cash investments probably won't keep up with the cost of living and therefore it is normally only used over the short term.

Coming up: in the next issue we'll look at different types of risk and why they matter.

This short video from Fidelity is a good introduction to asset classes:
https://retirement.fidelity.co.uk/grow-and-manage-your-pension/investing-basics/

WAYS TO GET IN TOUCH

Member website
www.rochepensionfund.co.uk (no login required for this general member website)

DC Section administrator
Fidelity International

Visit: **www.planviewer.co.uk** to log in to your online pension account

Email: pensions.service@fil.com

Call: 0800 3 68 68 68 or +44 1737 838 585 (from outside the UK)

You can also explore a range of retirement planning and pensions tax calculators at:
www.fidelity.co.uk/retirement/calculators (no login required)

Don't be a stranger

If you no longer work for Roche, remember to tell Fidelity if your contact details change. It's quick and easy to update your address on PlanViewer. Current employees can update their details through My Total Roche.

Roche

Principal Employer of the Roche Pension Fund