

# Vp pension scheme



December 2023

## Introduction

Welcome to the annual newsletter for members of the Vp Pension Scheme (the "Scheme"). The newsletter is designed to keep you updated on pension matters and provide you with information you may find interesting and useful.

This newsletter includes highlights of the Scheme's annual accounts for the last financial year, as well as information for members on the Scheme's investments and funding arrangements.

The Scheme is registered with HM Revenue and Customs and continues to comply with the necessary laws and procedures designed to protect members, former members and pensioners.

The Scheme is closed to new entrants.

## Contents

Scheme and pensions news	p2
Financial highlights	p4
Money Purchase section	p5
Final Salary section	p6
Useful information	p7

---

## Who looks after the Scheme?

The Scheme continues to be managed by Colin Marsh and Kevin Kenneally, representing Vidett (formerly Punter Southall Governance Services), a professional independent trustee.



It is the responsibility of the Trustee to ensure that the Scheme is managed in accordance with the Trust Deed & Rules, that proper records are kept and that the correct benefits are paid out at the correct time.

The Trustee is required to act in the best interests of the members and to make sure that the Scheme funds are invested appropriately and securely. In addition, pensions and tax law impose other duties on the Trustee to ensure the proper running of the Scheme.

The Trustee calls upon the expertise of a number of professionals and specialists to support it in the management of the Scheme and to ensure that it is run in accordance with the law. They are currently:

### **First Actuarial LLP**

Provide advice, keep the Scheme records and arrange payment of benefits.

### **Scott Harrison (Fellow of the Institute and Faculty of Actuaries)**

The named Scheme Actuary.

### **Barclays Bank Plc**

The Trustee's bankers.

### **Legal & General Investment Management**

Invest the money in both Final Salary and Money Purchase sections.

### **Edmund Carr LLP**

The Scheme's auditors.

### **Squire Patton Boggs (UK) LLP**

The Trustee's legal advisors.

# Scheme and pensions news

December 2023

## Changes to the Scheme

There were no significant rule changes during the year.

## Scheme membership

A summary of the Scheme membership at 31 March 2023 is set out below:

	Final Salary	Money Purchase	Total
<b>Active members</b>	-	65	65
<b>Deferred members*</b>	5	218	223
<b>Pensioner members</b>	66	3	69
<b>Total</b>	71	286	357

\*Deferred members are those who have left Vp or opted-out of the Scheme, but have deferred benefits within the Scheme.

## Benefit statements

If you are a Money Purchase section member, your annual benefit statement for the year to 31 March 2023 has been issued.

If you are a Final Salary section member you are entitled to request one benefit statement every 12 months. Please contact the Scheme Administrator using the details at the back of this newsletter if you require a statement.

## Change to the default investment option in the Money Purchase Section

We wrote to all Money Purchase Section members in July 2023 to tell you about changes being made to the default investment arrangement.

These changes impacted the pension pots of all members who had not previously opted out of the default arrangement.

The changes have now taken place.

More information is set out in the announcement issued in July.

## Protected Minimum Pension Age in the Money Purchase Section

It's possible to take your pension benefits before your Normal Retirement Age (usually 65), but for most pension schemes this is not possible before the age of 55 which is a minimum age set by the government. From 2028, this minimum is increasing to 57.

However, the Trustees have taken legal advice and identified that the money purchase section of the Scheme has a protected minimum pension age of 50. This means if you are a member of the money purchase section of the Scheme, and you no longer work for Vp, you can access your money purchase section benefits at any age after 50.

## Limits to pension savings

The yearly pension savings you can make tax-free are limited to the Annual Allowance (AA). The standard AA is £60,000, although a reduced AA applies for individuals with taxable income over £260,000.

Also, if you access a money purchase pension pot using the "Pension Freedoms", there is an annual limit on the amount of contributions that you can subsequently pay into a money purchase arrangement. The current annual limit is £10,000.

The lifetime allowance (LTA) is a limit on the total pension savings you can make over your lifetime. However, from 6 April 2023 the extra tax you pay for savings over the limit (currently £1.0731m) was set to zero. HMRC have published draft regulations to abolish the LTA entirely from 6 April 2024.

The taxation of pensions is complicated. If you believe you might be impacted by any of the above, you should consult an independent financial advisor.

# Scheme and pensions news

December 2023

## Beware of fraudsters

Members may be targeted with convincing claims that they could cash in their pension at a young age.

Members may be offered a cash incentive or loan to entice them to release their funds. However, with huge fees and a tax liability, members could end up with nothing.

Members may also be targeted with offers of better returns on their pensions savings. Some people have lost all their retirement savings by falling for fraudsters and their schemes.

To help you spot the warning signs of a Pensions Scam, and know what to do about it, the Financial Conduct Authority have put together the 'ScamSmart Guide'. For further information go to: [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart).

## Safeguards for pensions transfers

If you have not yet retired and are thinking about transferring your benefits to another registered pension scheme, the Trustee strongly recommends you seek independent financial advice before doing so.

Recent regulations intended to protect pension savers from scams mean that the Trustee has to carry out extra checks if you request to transfer your benefits. Depending on the outcome of these checks you might need to attend a guidance session from MoneyHelper (a provider of free financial guidance backed by the UK government) before the transfer can go ahead. In extreme cases, the Trustee may be obliged to prevent you from transferring your benefits.

If you have not yet retired you are able to request quotations of the value of your benefits that you would be able to transfer to an alternative arrangement from the Scheme Administrator. You can request one quotation each year free of charge.

## Chair's Statement for the Money Purchase section

The Chair of the trustee board must provide a yearly statement to be included in the annual report and accounts explaining how the money purchase section meets the governance standards set by the Pensions Regulator.

A copy of the 2022/23 statement can be found at <https://www.psgovernance.com/communications/vp-pension-scheme.html>. Alternatively, a copy can be requested from the Scheme Administrator.

# Financial highlights

December 2023

## Financial review

The Scheme is made up of two sections, the Final Salary section and the Money Purchase section (both now closed to new entrants).

Set out on this page is a summary of the Scheme's audited accounts for the year ended 31 March 2023. A copy of the full statutory accounts can be obtained from the Scheme Administrators using the contact details at the back of this newsletter.

The Trustee must review the funding position of the Final Salary section at least every 3 years. The funding position of the Scheme is assessed by a qualified actuary and set out in the actuarial valuation report. The purpose of the valuation is to check whether the funds are sufficient to meet the benefits due to members.

The latest valuation of the Final Salary section of the Scheme was carried out as at 31 March 2021 and showed that the value of the assets was equal to 118% of the value of the liabilities. An approximate update was carried out at 31 March 2023, which showed the value of the assets was approximately 121% of the value of the liabilities.

Due to the Scheme being in surplus, no deficit contributions are currently required to be paid by Vp.

The level of contributions payable into the Money Purchase section is set out in the Scheme Booklet.

## Summary of the audited accounts

	Final Salary section	Money Purchase section	Total
Fund account at 31 March 2022	£10,736,497	£15,702,271	£26,438,768
Plus total income	£0	£325,284	£325,284
Plus net returns on investments	£(1,813,657)	£(412,658)	£(2,226,315)
Less total expenditure	£768,936	£676,075	£1,445,011
Fund account at 31 March 2023	£8,153,904	£14,938,822	£23,092,726

## Breakdown of total income

	Final Salary section	Money Purchase section	Total
Members' contributions	£0	£128,727	£128,727
Company's contributions	£0	£196,557	£196,557
Other income	£0	£0	£0
<b>Total</b>	<b>£0</b>	<b>£325,284</b>	<b>£325,284</b>

## Breakdown of total expenditure

	Final Salary section	Money Purchase section	Total
Pensions paid	£502,036	£395	£502,431
Other benefits	£99,661	£490,344	£590,005
Transfers out	£0	£185,234	£185,234
Expenses	£167,239	£102	£167,341
<b>Total</b>	<b>£768,936</b>	<b>£676,075</b>	<b>£1,445,011</b>

# Money Purchase section

December 2023

## How does the Money Purchase section work?

A money purchase pension scheme allows you and your employer to contribute a percentage of your salary to your own investment pot, which is invested according to your instructions. Your pot is separate from all other members' pots in the scheme and will be used to provide you with retirement benefits.

The Money Purchase section of the Scheme has been closed to new members since 1 August 2004. New employees have been offered a place in the Vp plc Group Stakeholder Pension Plan, which does not form part of the Scheme.

## Default investment option

Unless you choose your own mix of investments, your funds are invested with Legal & General in the default investment option.

The default option aims to match the investment funds used with your age band and move from higher risk (higher expected return) funds to lower risk funds in the years approaching retirement.

The default fund achieves this by switching out of more risky investments like equities (stocks and shares) firstly to diversify into other asset classes, then into a diversified fund to reduce volatility and risk and finally switching some assets to cash.

A brief summary of the lifestyle arrangement is shown below:

Age band	Investment type
<b>Up to age 40</b>	All equity (UK and overseas company shares)
<b>Age 41-54</b>	A mix of UK and overseas company shares, bonds and fixed interest investments
<b>Age 55-59</b>	Gradual switch into a diversified fund designed to provide investment returns with reduced volatility.
<b>Age 60-65</b>	Gradual switch to holding 45% in cash to reduce investment risk shortly before retirement.

**Important note:** Past performance should not be used as a guide for future performance and the values of investments can go down as well as up. The Trustee strongly recommends members take independent financial advice before making any decisions about their investments.

## Member investment choices

The Trustee recognises that you may wish to set your own investment policy to take into account your own personal circumstances and plans for retirement. You're therefore able to opt-out of the default arrangement and choose your own investment funds at any age. Choices made should be reviewed from time to time.

There are a number of investment funds available to members who wish to make their own investment choices. There is no administration charge from the Scheme for changing your investment fund. If you would like more information on the available funds, please contact the Scheme Administrator.

## Fund performance

The table below sets out the performance of the main funds used by the Money Purchase section of the Scheme over periods of 12 months and 3 years to 31 March 2023, along with the performance of each fund's benchmark.

	12 months	3 years (pa)
<b>Global Equity 70:30 Fund:</b>	1.7	14.5
<i>Benchmark:</i>	1.6	14.4
<b>Corporate Bond Fund:</b>	(10.2)	(3.1)
<i>Benchmark:</i>	(10.2)	(3.1)
<b>Diversified Fund:</b>	(4.8)	6.9
<i>Benchmark:</i>	(3.3)	16.5*

Performance shown after investment management charges.

\* The benchmark used for the Diversified Fund is the performance of global equities. Over the long term the fund is targeting a return broadly similar to global equities with lower volatility. This means that when equities perform very strongly (as they have over most of the three year period to 31 March 2023), the fund will perform lower than the benchmark. The Trustee reviews performance regularly and is comfortable with the performance of the Diversified Fund compared to similar diversified funds available from other investment managers.

## Value for members

The Trustee assesses the money purchase section each year to ensure it represents value for members in terms of investment charges, performance and the administration and governance of the Scheme. The findings of this year's review can be found in the 2022/23 statement at <https://www.psgovernance.com/communications/vp-pension-scheme.html>. Alternatively, a copy can be requested from the Scheme Administrator.

# Final Salary section

December 2023

## How does the Final Salary section work?

Members of the Final Salary section receive a pension at retirement as set out in the Scheme Rules. It's based on the number of years you have been in the Scheme and your salary at leaving or retirement.

The money to pay for members' pensions is held in a fund, separate from Vp plc. It is not separated into funds for each individual member.

Every three years a valuation is carried out to determine whether there is enough money in the Scheme to pay the benefits that have been promised to members.

If a deficit is identified, the Trustee and Vp plc agree a level of additional contributions to be paid into the Scheme in order to pay off the deficit.

The Final Salary section of the Scheme closed to new members on 1 August 1997.

## Funding position

The last actuarial valuation of the Final Salary section of the Scheme was carried out as at 31 March 2021. At that date, when viewed as a continuing scheme, the funding position was:

	£000s
<b>Value of assets</b>	11,354
<b>Value of liabilities</b>	9,612
<b>Surplus/(Shortfall)</b>	1,742
<b>Funding level</b>	118%

Since the Scheme was in surplus at the latest valuation, no further contributions were required.

A funding update at 31 March 2023 was carried out, which showed the funding position had improved to 121%.

The next formal actuarial valuation of the Scheme is due as at 31 March 2024. It must be completed by the statutory deadline of 30 June 2025.

**Note on the performance of the "Matching Core" funds:** The 'Matching Core' funds are specialist funds designed to move up and down in line with the value of the liabilities to protect the Scheme's funding position. The performance of these funds can be very strongly positive or negative depending on how market conditions have changed. The performance up to 31 March 2023, while materially negative, is in line with how these funds are expected to perform.

## Investment policy

With professional advice, and in consultation with Vp, the Trustee reviews the Scheme's long term investment strategy on a regular basis.

The Trustee is also required to prepare a formal statement setting out its policy on how the Scheme's assets are to be invested. A copy is available using the following link: <https://www.psgovernance.com/communications/vp-pension-scheme.html>.

The Final Salary assets are managed by Legal & General in the following funds:

Fund	Description
<b>Dynamic Diversified Fund</b>	This fund invests in a diversified range of different types of assets in order to provide strong investment returns. The fund is also designed to react to changes in market conditions to protect the value of the Scheme's assets during large market falls.
<b>Matching Core Funds</b>	These are specialist investment funds that are designed to move up and down in line with the value of the Scheme liabilities. These protect the Scheme from falls in the funding level due to changing market conditions.
<b>Sterling Liquidity Fund</b>	This fund aims to provide capital stability, liquidity and diversification, with performance in line with prevailing short term interest rate.

At 31 March 2023, the Final Salary section held around 50% of its assets in the Dynamic Diversified Fund, 23% in the Matching Core Funds and 27% in the Liquidity Fund.

## Investment performance

The table below sets out the performance of the funds over periods of 12 months and 3 years to 31 March 2022 (where available), along with the performance of each fund's benchmark.

	12 months	3 years (pa)
<b>Matching Core Fixed Short Fund:</b>	(80.3)	(53.1)
<i>Performance indicator:</i>	(80.0)	(52.9)
	See note	See note
<b>Matching Core Real Long Fund:</b>	(76.9)	(33.8)
<i>Performance indicator:</i>	(76.7)	(33.5)
	See note	See note
<b>Dynamic Diversified Fund:</b>	(3.0)	6.0
<i>Benchmark:</i>	6.3	4.9
<b>Sterling Liquidity Fund:</b>	2.3	0.9
<i>Benchmark:</i>	2.1	0.7

Performance shown after investment management charges.

# Useful information

December 2023

## Where can I get more information?

If you have any questions about this newsletter, or want to request any further information on the Scheme, you should contact either the Scheme Administrator (if you no longer work for Vp) or Vp's HR department (if you work for Vp).

### **Scheme Administrator:**

First Actuarial LLP  
Mayesbrook House  
Lawnswood Business Park  
Leeds  
LS16 6QY  
Tel: 0113 818 7300  
Email: leeds.admin@firstactuarial.co.uk

### **Vp plc HR department:**

HR Department  
Vp plc  
Central House  
Beckwith Knowle  
Otley Road  
Harrogate  
HG3 1UD  
Tel: 01423 533400

Please ensure you quote your name, National Insurance Number and 'Vp Pension Scheme' on any correspondence with the Scheme Administrator.

## Expression of wish forms

Vp retains copies of expression of wish forms, which indicate to whom you would wish payment of any lump sum benefits to be made in the event of your death.

Although the Trustee does have complete discretion over who would receive any lump sum, the Trustee will take into account any requests on an expression of wish form.

If you have not filled in one of these forms, or your circumstances have changed, please contact the HR department or the Scheme's Administrator for a copy of the form.

## What if I have a complaint?

The Trustee has in place an Internal Dispute Resolution Procedure, which sets out the steps to be taken in the event of a complaint from a member. A copy of this document is available on request.

If you have a complaint, the first step would be to contact the HR department if you still work for Vp, or the Scheme Administrator if you no longer work for Vp.

The Pensions Ombudsman also helps individuals who may have a problem, complaint or dispute with their company pension scheme.

Their contact details are below:

The Pensions Ombudsman  
10 South Colonnade  
Canary Wharf  
London  
E14 4PU  
Tel: 0800 917 4487

Email: [helpline@pensions-ombudsman.org.uk](mailto:helpline@pensions-ombudsman.org.uk)

## MoneyHelper

MoneyHelper brings together the support and services of three government-backed financial guidance providers: the Money Advice Service, the Pensions Advisory Service and Pension Wise.

Pensions guidance is available from their specialists online or over the phone. It's impartial and free to use:

Tel: 0800 011 3797

<https://www.moneyhelper.org.uk>



Produced by First Actuarial LLP on behalf of the Trustee of the Vp Pension Scheme