

Pension TIME



January 2019 Issue 9

A NEWSLETTER FOR PAST
AND PRESENT MEMBERS
OF THE **COMPASS GROUP**
PENSION PLAN

Plan security

We check the Plan's financial security at least once a year [PAGE 5](#)

ScamSmart

Follow these simple steps to help protect from scams [PAGE 13](#)

Plan projects

Updates on some of the projects that are happening [PAGE 15](#)



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The headlines

If you're short on time and just want the headlines then here's what you need to know:

Funding update

2018 update
106% ££££££££ funded
Strong
financial position

See pages
5 to 8

Plan statistics

£2.5bn assets
30,992
active, deferred and pensioner members

See pages
9 and 12

Investment strategy

Stability
in uncertain times
Matched assets
↑ move with the cost of paying benefits

See pages
10 and 11

How to be ScamSmart

1/3 PEOPLE WOULDN'T KNOW
HOW TO CHECK
IF THEY WERE
SPEAKING WITH
A LEGITIMATE PENSIONS ADVISER

See page
13

Latest updates

Plan projects in progress
Your data is **protected** 

See pages
14 and 15

Welcome back

We continue to work hard to keep the Compass Group Pension Plan stable and secure, despite politically and economically uncertain times.

We know how important security is for our members, and we and the Company are committed to making sure the Plan is run as effectively as possible, whatever the weather.

As you may remember from previous editions of Pension Time, we have done a lot of work to make sure the Plan's investment strategy is designed to withstand some of the effects of changing economic conditions, so that it remains stable relative to the expected costs of paying everyone their benefits.

The last year has been a great test of this strategy and you'll see from the update on [page 9](#) that assets grew by £38m during the year to 5 April 2018. The investment strategy is designed to keep the Plan's positive funding level as stable as possible and you will see on [page 6](#) that, at 5 April 2018, it is estimated to be above 100% for the third year in a row.

As well as information about the Plan's financial security and what has been paid in and out over the year, we have the latest information on pension scams, an update on our administration team and details of some ongoing projects.

Dear member

The January 2019 edition of Pension Time is our opportunity to update you on what's happened in the Plan over the year. It's aimed at all members, so not everything will be relevant to you.

There are some at-a-glance headlines on the [previous page](#) if you're short of time and we'd welcome any feedback or questions you have. Just send a quick email to:

pensions@compass-group.co.uk

As always, I'd like to thank my fellow Trustees and the Compass pensions team for all their hard work and support during the year.

Philip Whittome
Chairman of the Trustees



Your Trustee Board



We are responsible for the governance of the Plan and the security of members' benefits. We are ultimately responsible for ensuring the Plan complies with legislation, provides a pension to members, and is able to pay benefits when they are due.

COMPANY APPOINTED

Philip Whittome (Chairman)
Independent Trustee

Christopher Clayton
Independent Trustee

Brendan Boucher
Appointed March 2018

Jodi Lea
Appointed October 2018

MEMBER NOMINATED

David Mortimer

Peter O'Meara

George Mystkowski

Changes to the Board

Mark White resigned as a Trustee Director on 31 August 2018 and we thank him for his service.

Jodi Lea was appointed as our newest Trustee Director in October. Jodi is the General Counsel for the UK and Ireland and her legal skills will be of great use to the Plan.

Although Jodi is a recent joiner to the Compass Group, she has previously worked for the UK business. We are pleased to welcome Jodi to the Board.

What happens when an MNTD leaves the Plan?

We have made a change to our Member Nominated Trustee Directors (MNTDs) policy. When an MNTD leaves the Plan, they are no longer eligible to serve out their term and their position is subject to re-election.

The Trustee Board has agreed to make an exception to this policy for a current MNTD, so that the Plan can continue to benefit from their experience and knowledge. The Board has agreed that the MNTD can continue until the end of their term in April 2020, despite leaving the Plan.



Plan security

We have to provide you with a Summary Funding Statement to let you know about the Plan's financial security.

The next formal three-yearly Actuarial Valuation is due at 5 April 2019.

This statement provides details of the approximate annual update and actuarial report prepared at 5 April 2018. It also takes into account the results of the last formal Actuarial Valuation at 5 April 2016 and the approximate update on 5 April 2017.

How is the Plan's financial security measured?

There are active, deferred and retired members in the Plan.

- **Active** members will continue to earn benefits in the Plan each year, linked to Pensionable Pay.
- **Deferred** members will have left the Plan and earned benefits during their Plan membership, which will be payable when they retire.
- **Retired** members will be receiving a pension from the Plan.

Financial security

To check the Plan's financial security we compare the value of its liabilities to the value of its assets. If the Plan has fewer assets than liabilities, it has a 'deficit'. If the assets are more than the liabilities, it has a 'surplus'.

The Plan's liabilities

The estimated cost of paying members the benefits that they have built up is known as the Plan's liabilities.

The Plan's assets

The Plan's money is held and invested in pooled funds, not in separate funds for each member. The amount of money invested is known as the Plan's assets.

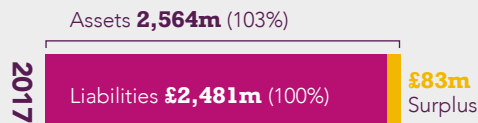
Contributions are collected from active members and the Company, and added to the Plan's assets. The assets are used to pay the benefits for all members, when they're due.



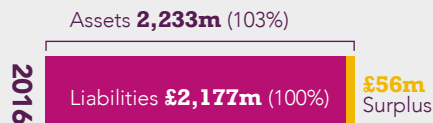
We now have the funding update for 2018 to share with you, along with a recap of the position in 2017 and 2016.



At 5 April 2018, the annual update showed that the funding level had improved to 106%, with a surplus of £150m.



At 5 April 2017, it was estimated that the Plan's funding level had remained stable at 103%, with a surplus of £83m.



At 5 April 2016, the Plan had a surplus of £56m and a funding level of 103%.

Why has the position changed?

The improvement in the surplus since the valuation is primarily due to better than expected investment returns on the Plan's assets over the last two Plan years, along with the contributions paid by the Company, although the value of the Plan's liabilities has also increased due to current market conditions.



How much money does the Plan need?

Our goal is for the Plan to be 100% funded. This would mean that the Plan was able to meet the expected costs of paying every member their benefits, when they're due. However, it doesn't have to meet all of those costs in one go, so being less than 100% funded shouldn't be an issue.

Following each Actuarial Valuation (carried out every three years), the Actuary tells us how much should be paid into the Plan. We then agree a contribution level with the Company and record it in the 'Schedule of Contributions'.

Is my pension guaranteed?

Our aim is for there to be enough money in the Plan to pay pensions now and in the future, but this depends on the Company carrying on in business and continuing to pay for the Plan when needed.

If the Company goes out of business or decides to stop paying contributions, the Plan may be 'wound-up'. If this happened, the Plan would need to pay an insurance company to take responsibility for paying all the Plan benefits.

Is the Plan going to be wound-up?

We have shown the solvency position here to provide further information on the financial security of your benefits.

It does not mean that there are plans to wind-up the Plan in the near future.

Payment to the Company

We're also obliged to tell you that there haven't been any payments to the Company out of Plan assets since the last update.



Is there enough money in the Plan if it's wound-up?

The comparison of the Plan's assets to the cost of buying the benefits from an insurance company is known as the 'solvency' basis.

Although the Plan is in surplus on an 'ongoing' basis it won't necessarily be on a solvency basis, as it is very expensive to provide benefits in this way. This is because an insurance company would:

- Charge a fee to run the Plan
- Take a cautious approach to estimating the cost of paying for the benefits
- Add a profit margin

The 2016 Valuation showed that, if the Plan had been wound-up, the assets could not have paid for the full benefits of all members.

The estimated cost of buying the benefits with an insurance company was **£2,867m** compared to assets of **£2,233m**, so on this particular basis there was a deficit of **£634m** and a funding level of **78%**.

The last two funding updates showed that the Plan's estimated solvency funding level has changed as follows:

2018 – increased by 5% to 78%, due to due to improvements in the funding level

2017 – decreased by 5% to 73%, due to changes in market conditions

Protecting your benefits if the Plan is wound-up

If the Company goes out of business and the Plan doesn't have enough money to buy out benefits, the Pension Protection Fund (PPF) could help.

The PPF is a 'safety net' fund set up by the Government to protect members of defined benefit pension schemes with insolvent employers.

The pensions that the PPF pays are generally lower than the full benefits that members would have received from their pension scheme.

If you want to find out more about the PPF go to www.pensionprotectionfund.org.uk



Your Plan options

Your options at normal retirement date

Your normal retirement date is when you usually start to receive your pension; the date depends on which section of the Plan you are a member of and when you joined. Before your pension is paid, you will have the option to exchange part of it for a cash sum (paid tax-free under current law). The Plan's administrators will contact you in advance with full details.

If you want to retire early or late

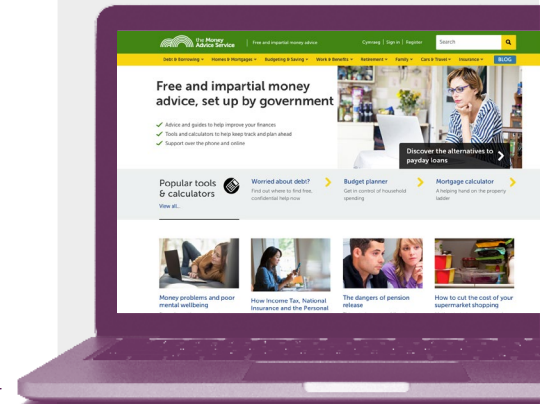
You may be able to take your pension early, before your normal retirement date, as long as you are at least 55 (or earlier if you are in poor health), or even after your normal retirement date so long as this is before age 75. If a pension is paid early, it will be reduced to reflect that is expected to be paid for longer; if it is paid later than your normal retirement date it will be increased because it may not be paid for as long. You will also have the option to exchange part of your pension for a cash sum.

You will need to make a written request to retire early or late and if you are in poor health, you will be asked to provide medical evidence. **It is important to remember that retiring from the Plan does not relate to whether or not you are still working.**

Transferring your benefits

You can also transfer your benefits to another approved pension arrangement, such as a personal pension or your new employer's plan (if it accepts transfers). You need to think carefully about transferring as it will mean that you and your dependants won't be paid anything from the Plan in the future. You're also unlikely to get the same pension that you would have received from the Plan.

In some cases, you will need to prove that you have taken advice from a suitably qualified financial adviser before you can transfer your benefits elsewhere. However, because scams are on the rise (see [page 13](#)) we recommend that you should always take advice before transferring, whether you have to or not.



Making sure you make the right decision

If you want to know more about your options you should contact XPS Administration or go to www.compass-pensions.co.uk for general information about your benefits.

If you are thinking of leaving the Plan for any reason, you should talk to an FCA regulated financial adviser before taking any action. You can find a local registered adviser at www.moneyadvice.org.uk.



Report and accounts

These are the highlights from the latest report and accounts as at 5 April 2018.

A full copy is available to download from the pensions website www.compass-pensions.co.uk or by writing to Compass Group Pensions Department at the address on the [back page](#).

Over **£2.5bn** in assets. Investments increased by **£38m**.

Fund at 5 April 2017 (£m)	2,576.233
Increase in market value of investments	+ 37.933
Investment income (including income from annuities)	14.085
Member contributions	0.153
Company contributions	3.290
Transfers in	0.087
Other income	0.061
Total income	+ 17.676
Pension and other benefits	58.881
Investment management fees	0.782
Individual transfers out	44.126
Administrative expenses	0.104
Total outgoings	- 103.893
Fund at 5 April 2018 (£m)	2,527.949

Investment strategy

We have an Investment Committee to review the investment strategy but no changes have been made this year.

Following changes made last year the Plan remains largely protected against changes in interest rates and inflation that could worsen the funding level.

The Investment Committee's goal is to make sure the Plan has enough money to pay benefits to members and their dependants, when they are due. There is a detailed investment plan in place to achieve this.

The Committee wants the Plan's assets to keep growing, but in a way that protects against the risk of the Plan's funding position deteriorating.

The current investment strategy is to hold:

- **13.5%** in 'return seeking' assets made up of overseas equities and property investments.
- **86.5%** in 'matching assets' comprising bonds and gilts and other liability matching instruments within the Liability Driven Investment ('LDI') portfolio managed by Legal & General Investment Management.



The Investment Committee continues to keep the Plan's investment strategy under review, along with the cashflow requirements of the Plan as benefit payments continue to exceed contribution income.

Protecting against an uncertain future

The long term economic impact of Brexit is still unclear. The Plan is invested for the long term with the objective to keep growing its assets but with less risk of them going down in value, and our current investment portfolio already protects against market movements.

Investing in equities from around the world should hopefully limit the impact of any negative effects on the UK markets. And our portfolio of 'matching assets' is designed to increase in value if it becomes more expensive to pay our members' benefits in the future.



How we invested

Need to know

Bonds and gilts

Loans to a company or government.

Equities or shares

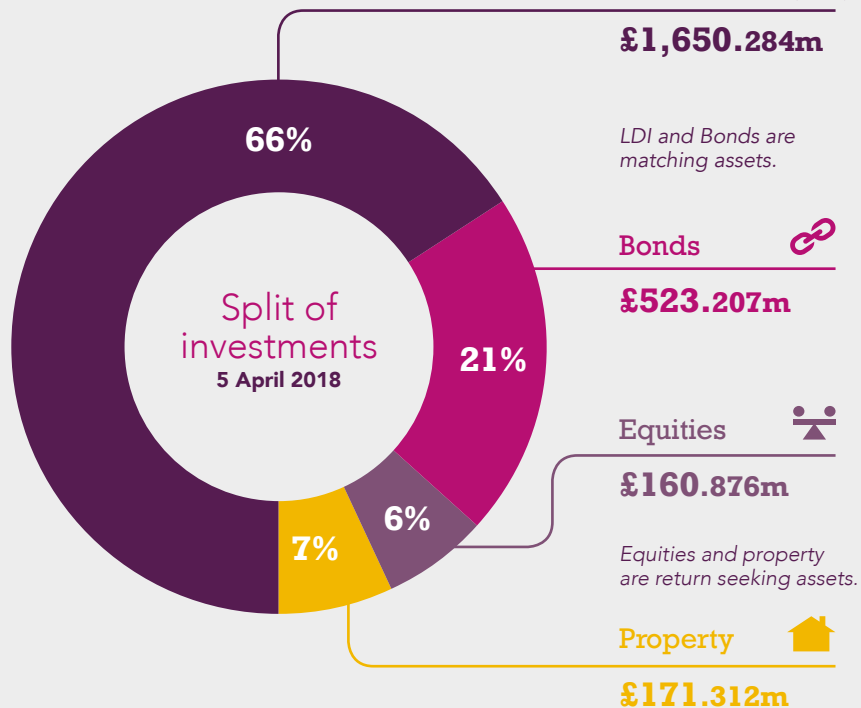
Investment in companies.

Matching assets

Assets that change in value in a similar way to the value of the Plan's liabilities.

Return seeking

Assets that grow at a certain level of risk agreed by the Trustees.



Membership

Members of the Plan as at 5 April 2018 (figures in brackets show 5 April 2017 numbers).



30,992

Total membership

A Protected Rights Pension exists for certain members who had benefits in one of the Plan's money purchase sections.

It relates to a minimum contribution which had to be paid as a result of the section being contracted out of the State Pension. These individuals have not been counted in the total membership figure.



Be ScamSmart

We often use Pension Time to make sure you're up-to-date with the threat of pension scams. This is still a hot topic and the Financial Conduct Authority (FCA) is taking an active role in improving people's awareness; they recently conducted a YouGov poll of over 1,000 pension holders (see below).

Look out for these scam tactics to help identify and avoid scammers:

- Contact out of the blue
- Promises of high or guaranteed returns
- Free pension reviews
- Access to your pension before you're 55
- Pressure to act quickly

Follow these simple steps to help protect from scams:

1. Reject unexpected offers
2. Check who you are dealing with
3. Don't be rushed or pressured
4. Get impartial advice

You can also get free independent and impartial information and guidance from:

- **The Pensions Advisory Service**
www.pensionsadvisoryservice.org.uk
- **Pension Wise**
www.pensionwise.gov.uk

Pension Scam Identification

I'm pleased to confirm that we have signed up to XPS Administration's *Pension Scam Identification* service.

If you ask to transfer your benefits out of the Plan, you will have the opportunity to talk to a member of the identification team who will ask you some questions to help identify whether you are at risk of being the victim of a pension scam.

It's not compulsory and doesn't cost you anything, but we strongly recommend that you use it and it shouldn't delay your transfer.

Pension holders aged **45 to 65** showed that:

✓ **38%**
WOULD SEEK
FINANCIAL ADVICE
WHEN CHANGING
PENSION ARRANGEMENTS

+

1 IN 8 WOULD TRUST
* AN OFFER OF *
A **FREE** PENSION REVIEW
FROM SOMEONE CLAIMING
TO BE A PENSIONS ADVISER

BUT SURPRISINGLY!

1/3 WOULDNT KNOW
HOW TO CHECK
IF THEY WERE
SPEAKING WITH
A LEGITIMATE
PENSIONS ADVISER

Make sure anyone offering you advice is on the FCA register at <https://register.fca.org.uk> and use the contact details on the register to make sure it's not a fraudster pretending to be from the registered firm.

If they're on the register, call the Consumer Helpline on **0800 111 6768** to check they can give pensions advice.

Latest updates

This is our opportunity to keep you up-to-date with the latest Plan news that could affect you.

Your data is protected

In the last edition of Pension Time, we told you about upcoming changes to the control of data protection and we gave you a copy of the Plan's *privacy notice*. The new laws came into force in May 2018, as we expected.

As a reminder, the laws place new obligations on the Trustees and the Trustees' service providers when collecting and processing your personal data.



Your personal data is collected and processed in order to administer your benefits under the Plan and will be disclosed to third parties in certain limited circumstances.

The *privacy notice* is the Trustees' detailed explanation about data protection, including how they will use your data, the legal basis for having your data and the rights you have in relation to the data held.

To download the *privacy notice* go to www.compass-pensions.co.uk, click on 'Compass Group Pension Plan', scroll to the bottom of the page and click 'Download'.

If you need to get in contact with the XPS Administration Compass Pensions team you can call them **01245 673502** or send an email to compassadminteam@xpsgroup.co.uk



Our administrators have changed their name to XPS Administration, but nothing will change with the service they provide.

PS Administration Limited took over administering the Plan on 1 September 2016. They have recently changed their name to **XPS Administration** and you may have already received some correspondence with their new logo.

XPS Administration is the largest solely focused pensions consulting and administration firm in the UK with 12 UK administration locations and over 530 staff who look after the benefits of over 870,000 members.



Projects we are running



Members with a Protected Rights fund

Some members only have a Protected Rights fund left in the Plan (page 12 shows that there were 6,013 of these members at 5 April 2018). Pensions law now says that these members can take a refund of this fund. If members take money out in this way, it will have no effect on the remaining members or the financial position of the Plan.

Our administrators are in the process of helping us contact these members and letters have been sent to them to explain the situation in more detail. If you receive a letter you will have been asked to verify your personal information; you can do this at www.xpsoptions.com/compass (you will need to add information from your letter).

If you think either of these issues should apply to you, but you haven't received a letter, please send an email to compassadminteam@xpsgroup.co.uk or call **01245 673502**.

Members with a 'trivial' pension

If you're a deferred member and you have a small benefit in the Plan, you may be able to take all of it as a lump sum; this is known as Trivial Commutation.

Trivial Commutation will only apply to you if the value of all your pension savings, across all the schemes that you belong to, is less than £30,000. If you do take a lump sum, you will give up the right to any benefits from the Plan, including those that could be payable to your dependants. In most cases, a quarter of the lump sum will be tax-free and the rest will be taxed as pay.

As with the Protected Rights funds, our administrators are writing to members who may be affected, with details of the information they need to supply.

Getting your benefits right

Members who built up benefits in the Plan before April 1997 would have been 'contracted out' of the State Earnings-Related Pension Scheme (SERPS) and built up a Guaranteed Minimum Pension (GMP) in the Plan instead of extra state pension.

GMP forms part of your overall Plan benefit, but increases in a slightly different way before and after you retire. It is therefore important that we know exactly how much GMP each member has.

XPS Administration is coming to the end of a project to make sure all members' GMP amounts are correct. This involves working with HMRC to make sure our records agree with theirs and if they don't agree, further work is done to investigate. In some cases, our records will be adjusted, which may lead to a small change in your benefits.

We are also considering how the Plan should allow for GMP equalisation for men and women, following recent legal rulings.

If you're retired and we need to make a change to your monthly pension, we'll contact you to explain the details. If you're an active or deferred member you can contact **XPS Administration**.





**More
support**

Administrator's contact details

✉ XPS Administration
Priory Place
New London Road
Chelmsford
Essex
CM2 0PP

☎ 01245 673502

@ compassadminteam@xpsgroup.co.uk

Trustees' contact details

✉ Compass Group Pensions Department
Parklands Court
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Birmingham Great Park
Birmingham
B45 9PZ