

# Pension TIME

December 2019 Issue 10

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

## Help us run the Plan

MNTD applications are now open [PAGE 5](#)

## 2019 Valuation

We have the results of the latest formal  
Actuarial Valuation [PAGE 6](#)

## MyPension

Updates to our Plan website [PAGE 14](#)

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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:

MNTD applications

**Deadline**  
JANUARY  
**10**  
2020

See pages  
4 and 5

Funding update

2019 Valuation  
**106%** £ £ £ £ £ £ £ £  
funded  
**Strong**  
financial position

See pages  
6 to 8

Plan statistics

**£2.6bn** assets  
**30,407**  
active, deferred and pensioner members

See pages  
9 to 12

Benefit protection

XPS Pension Scam  
**Identification Service**  


See page  
13

Latest updates

**MyPension**  
developments  
Changes to State  
**Pension age**

See pages  
14 and 15

# Welcome back

**We continue to work hard with our advisers to keep the Plan stable and secure and we're pleased to say that the 2019 actuarial valuation shows a positive funding level of 106%.**

The last year has been a test of our investment strategy which we're pleased to say has performed well. Take a look at page 9 for more details and you'll see that the value of our investments grew by £115 million over the year to 5 April 2019 – that's £77 million more than the growth to 2018!

The investment strategy is designed to keep the Plan's positive funding level as stable as possible. You'll see on page 7 that, at 5 April 2019, the three yearly formal valuation has shown that the funding level is again over 100%.

As well as information about the Plan's financial security, this newsletter covers the latest information on the MNTD applications, an update on the **Pension Scam Identification Service** that we signed up to last year, and impending changes to the State Pension age which will be relevant for many of you.

*If you're interested in helping us run the Plan, whilst gaining valuable knowledge and experience, take a look at page 5 for more information about applying for an MNTD position.*

## Dear member

The December 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 it might be that some articles aren't relevant to you.

We welcome any feedback or questions you have, just email [pensions@compass-group.co.uk](mailto:pensions@compass-group.co.uk). You can also contact our administrators using the details below.

## XPS Administration

Priory Place, New London Road  
Chelmsford, Essex, CM2 0PP

**01245 673502**

[compassadminteam@xpsgroup.com](mailto:compassadminteam@xpsgroup.com)



# 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

Brendan Boucher

Christopher Clayton  
Independent Trustee

Jodi Lea  
Appointed October 2018

## MEMBER NOMINATED

David Mortimer

George Mystkowski

Peter O'Meara

## Changes to the Board

You should have recently received a notification in the post to let you know that the term of all our Member Nominated Trustee Directors (MNTDs) ends in April 2020, so we have opened applications for all three positions.

The next page has more details on the application process and you can download a full information pack and application form from the library section at [www.MyPension.com/compass](http://www.MyPension.com/compass) (you don't need to log in!).

## Could you be our next MNTD?

Do you want to be more involved in the running of the Plan?

The terms of office of our current Member Nominated Trustee Directors (MNTDs) are coming to an end so now is your opportunity to **apply for the role**. If you're successful, you will be supported throughout with training and help from professional advisers.

**A detailed Information Pack can be found at [www.mypension.com/compass](http://www.mypension.com/compass). It covers:**

- What a trustee board is and how it works
- The nomination process and how to apply
- The roles and responsibilities of an MNTD
- Eligibility, pay and expenses

CompassPensions

The closing date to apply to be an MNTD is:

**JANUARY**  
**10**  
**2020**

**So please take action now if you're interested or know anyone who might be.**

You don't have to be an expert in pensions to be an MNTD - it's a chance to develop and enhance your knowledge in a wide range of areas such as:

- Communication
- Boardwork
- Pension scheme governance



# Help us run the Plan and gain skills and experience

The term of office of our current Member Nominated Trustee Directors (MNTDs) is coming to an end and applications are now open for three positions.

This is your chance to gain experience that could enhance your career and develop your knowledge in a wide range of areas such as investment, communications and pension scheme governance. You would be supported throughout your period of office with training, both formal and on the job, to help you make a real contribution to the running of the Plan. And you will receive a small annual payment along with reasonable expenses.

You can download a full information pack and application form from the library section at [www.MyPension.com/compass](http://www.MyPension.com/compass).

## The pack explains:

- What a trustee board is and how it works
- Roles and responsibilities of an MNTD
- Other important information

Applications will close on **10 January 2020** – so don't delay if you want to be more involved in the running of the Plan.

If you have any questions at all, please contact [pensions@compass-group.co.uk](mailto:pensions@compass-group.co.uk) or call **0121 457 5235** or **0121 457 5237**.

## The MNTD Election process

- **10 January**  
closing date for applications
- **17 January**  
applications validated
- **20-31 January**  
selection board interviews to determine successful nominees
- **3-28 February**  
ballot, if more successful nominees than positions
- **6 March**  
MNTDs appointed
- **13 March**  
Plan members told about changes to the Board



# Actuarial Valuation 2019

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

This statement provides details of the formal Actuarial Valuation as at 5 April 2019. Formal valuations are carried out at least every three years.

The purpose of the Actuarial Valuation is for us to work out:

- The expected cost of providing all benefits built up by members at the valuation date (the Plan's **liabilities**) and compare this against the money held by the Plan to pay for these benefits (the Plan's **assets**).
- A plan for making up any shortfall if the Plan has less assets than liabilities.
- The contributions needed to cover the cost of the benefits that active members will build up in the future and other costs of running the Plan.

### What are the Plan's liabilities?

There are active, deferred and retired members that the Plan has a liability to pay benefits to, now and in the future.

- **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.

Assets < Liabilities = Deficit  
Assets > Liabilities = Surplus

### Plan security

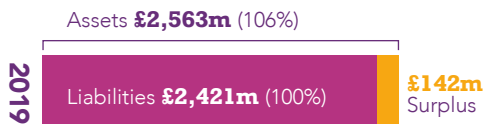
To check the Plan's financial security we compare the value of its liabilities to its assets.

**Liabilities** – The estimated cost of paying members the benefits that they have built up.

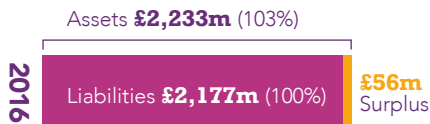
**Assets** – The amount of money the Plan holds (including contributions collected from active members and the Company) to pay for the benefits for all members when they're due. The assets are held and invested in pooled investments, not in separate funds for each member.



# We now have the results of the formal Valuation at 2019, which we can compare with the previous formal Valuation in 2016.



At 5 April 2019, the Plan had a surplus of £142m and a funding level of 106%.



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

You can see that the funding position has improved from 103% to 106% over the last three years, with the surplus increasing from £56 million to £142 million.

## Why has the position changed?

The improvement in the surplus since the last Actuarial Valuation in 2016 is primarily due to better than expected investment returns on the Plan's assets over the period, as well as contributions paid by the Company. This was offset, to a degree, by changes in both market conditions and assumptions used to value Plan benefits. In addition, the 2019 valuation included new allowances for the cost of equalisation of GMP (see the last edition of Pension Time) and to cover the likely future costs of running the Plan, which we have agreed will now be met from the Plan's assets directly.

## How much money does the Plan need?

Our goal is for the Plan to be 100% funded on the **ongoing** basis (shown to the left), which assumes that the Plan continues to run as it is. 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, 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**. Whilst this isn't likely, if it 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?

The previous page shows the Valuation results on an **ongoing** basis. The **solvency** position provides more information on the financial security of your benefits if the Plan were to be wound up.

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



## 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. Whilst the Plan is in surplus on an **ongoing** basis it doesn't necessarily mean this will be the case 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

If the Plan had been wound up on 5 April 2019, 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 **£2,765m** compared to assets of **£2,563m**. So on this particular basis there would be a deficit of **£202m** and a funding level of **93%**.

This compares to a deficit of **£634m** and a funding level of **78%** as at the 2016 Valuation, an improvement of **15%** in the funding level.

## 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 the 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.ppf.co.uk](http://www.ppf.co.uk)



# Report and accounts

Here are the highlights from the latest report and accounts as at 5 April 2019

A full copy is available to download from [www.MyPension.com/compass](http://www.MyPension.com/compass) (click on 'documents') or by writing to Compass Group Pensions Department at the address on the [back page](#).

Over **£2.5bn** in assets. Investments increased by **£115m**.

<b>Fund at 5 April 2018 (£m)</b>	<b>2,527.949</b>
<b>Increase in market value of investments</b>	<b>+ 115.129</b>
Investment income (including income from annuities)	21.577
Member contributions	0.130
Company contributions	3.144
Transfers in	0.023
Other income	0.015
<b>Total income</b>	<b>+ 24.889</b>
Pension and other benefits	63.577
Investment management fees	0.605
Individual transfers out	28.614
Administrative expenses	0.536
<b>Total outgoings</b>	<b>- 93.332</b>
<b>Fund at 5 April 2019 (£m)</b>	<b>2,574.635</b>

# Investment strategy

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

The Investment Committee's goal is to make sure the Plan has enough money to pay benefits to members and their dependants, when they're due. There's 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. The LDI portfolio is managed by Legal & General Investment Management.

The actual investment allocation as at 31 March 2019 was:

- **11.5%** in **return seeking** assets
- **88.5%** in **matching** assets

The [next page](#) shows a full breakdown of the asset allocation.

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.



# How we invested

## Need to know

### Bonds and gilts

Loans to a company or government.

### Equities or shares

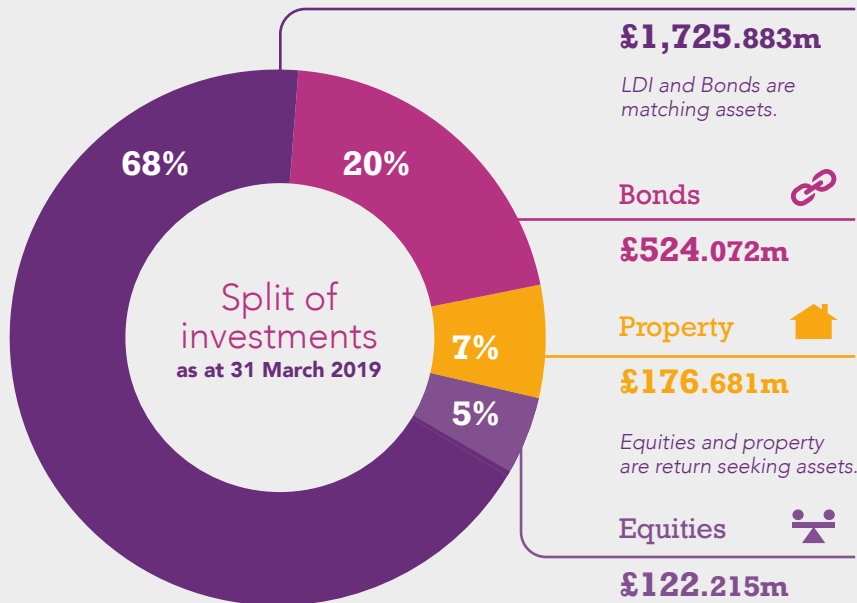
Investment in companies.

### 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 2019 (figures in brackets show 5 April 2018 membership).



## 30,407

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.



# Looking after your valuable benefits

Last year we let you know that we'd signed up to XPS Administration's *Pension Scam Identification Service*.

If you ask to transfer your benefits out of the Plan, you will be directed to a member of the *Identification Team* who will ask you some questions to help identify whether you're 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.

The reason we're using this service with XPS is not only to help protect our members from potential scams, but also to increase our members' awareness of the value of their benefits, so that they are better equipped to decide whether transferring is the right thing for them.

*The Identification Team has provided feedback on some cases which raised concerns. They found instances of:*

- Members not being aware of the adviser fees involved in the transfer.
- Lack of awareness of the upfront and ongoing fees charged by the pension arrangement that they were transferring to.
- Belief that pension could be accessed in a more tax efficient manner than is currently available or a higher tax-free cash sum could be achieved.

## **It's not just scams that can be bad news**

More generally, the team has seen an increased move towards overseas pension arrangements and Self Invested Pension Plans where members are being advised to invest in high risk trading products with high

levels of commission, often disproportionate to the size of the member's transfer value. They are also seeing a renewed involvement of unregulated third parties who are often advising the member, fronted by a Financial Conduct Authority (FCA) regulated adviser.

## **Stop and think**

All of these points are worth bearing in mind if you're thinking about transferring to an alternative arrangement and, remember, if your transfer value is at least £30,000 you must receive advice from an FCA registered adviser who is qualified to give pension transfer advice.

You can check your adviser is registered by the FCA at <https://register.fca.org.uk> and if they're on the register, call the Consumer Helpline on **0800 111 6768** to check they can give pensions advice.

## **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



# Latest updates

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

## The Plan's new website

If you're already receiving your pension from the Plan, you can currently use our secure member area at [www.MyPension.com/compass](http://www.MyPension.com/compass) to:

- View and update your contact details
- View, amend or add your nominated beneficiaries
- View and download payslips and P60s

Login details were sent to pensioner members earlier this year, but if you have any problems registering, setting your password or logging in, email [enquiries@mypension.com](mailto:enquiries@mypension.com) and they'll get back to you in two working days.

We're hoping to make the secure site available to deferred members in 2020 and we will send out registration details as soon as it is ready.

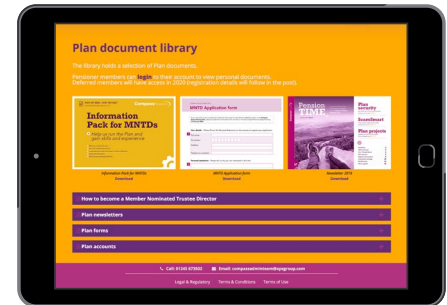
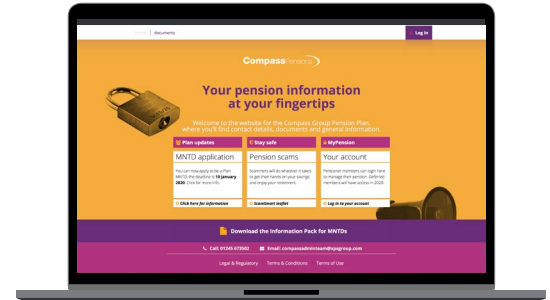
## New content without logging in

In the meantime, there is new content available at [www.MyPension.com/compass](http://www.MyPension.com/compass) that all members can access.

The Plan site has a new landing page and library where you can access information and documents, such as this newsletter, before logging in to the secure member area. If you visit the site now, you will see that there is information about applying to be one of the next MNTDs (see [page 5](#) for more details).

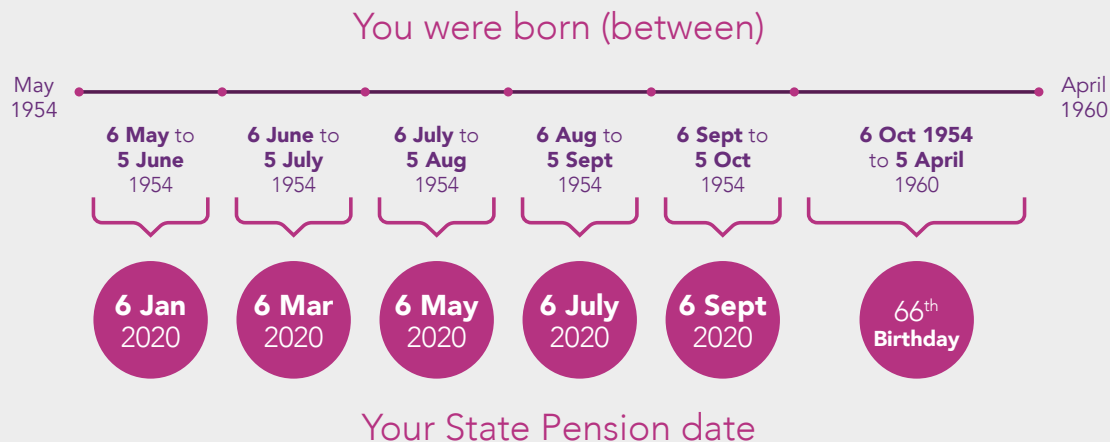
This new section of the Plan site will be particularly important as we continue to develop our communication strategy and, in particular, the way we use online communications.

If you have any feedback about the new site or thoughts as to what you'd like to see in the future, please send us an email to [compassadminteam@xpsgroup.com](mailto:compassadminteam@xpsgroup.com)



# State Pension age update

Over the next year, the State Pension age will gradually change for men and women born after 6 April 1954. If you were born between 6 April 1954 and 5 May 1954, you will reach State Pension age on 6 November 2019. *State Pension age will then increase as follows:*



## Your State Pension date

For people born after 5 April 1960, State Pension age is planned to further increase to 67 between 2026 and 2028, then for people born after 5 April 1970, to 68 between 2044 and 2046. The government intends to bring the latter change forward to between 2037 and 2039, but that has not yet been passed as law. You can read more at [www.gov.uk/state-pension-age](http://www.gov.uk/state-pension-age) and [www.yourpension.gov.uk](http://www.yourpension.gov.uk)



# More support

## Administrator's contact details

✉ XPS Administration  
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## Trustees' contact details

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