

# Pension TIME

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A NEWSLETTER FOR MEMBERS  
OF THE **COMPASS GROUP**  
**PENSION PLAN**

## Plan update

About a potential consolidation of pension schemes. **Page 4**

## Actuarial update 2023

The funding position has improved to 116%. **Page 8**

## MyPension

See how you can use the site to manage your pension. **Page 14**

# The headlines

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

Update on the Plan



The Company is consulting about a potential consolidation of pension schemes

See page 4

Actuarial update

5 April 2023

116% funded

Funding position continues to improve

See pages 8 to 10

Plan statistics

£2.0bn assets

26,748 members

See page 11

Plan investments

**UPDATE**

The Plan has a new target investment allocation designed to consolidate its strong funding position

See page 12

Digital update

9,393

registered on MyPension



See pages 14 and 15

# Welcome back

**Since the last edition of Pension Time, the economy has continued to be affected by the financial market volatility it experienced towards the end of 2022. The cost of living continues to increase, although there are signs that inflation is beginning to fall.**

Despite these challenging conditions, there continues to be good news on the Plan's funding, providing reassurance that your benefits are secure. Following on from the formal Actuarial Valuation at 5 April 2022, the Plan's funding position was updated at 5 April 2023, showing an improvement in the funding level to 116%. You can find the results of the 2023 annual update on **page 8**.

The Company recently communicated with active members of the Compass Retirement Income Savings Plan (CRISP), and employees who are eligible to join it, about a proposal to consolidate CRISP into the Plan and create a new CRISP section. CRISP is Compass's Defined Contribution (DC) scheme for current employees. It has its own structure and board of trustees.

Some Plan members may have received the communication, but there is more information for those that didn't on **page 4**. This is proposed to be a governance change, to enable Compass to manage the UK pension plans under one trust, which will have no effect on Plan members if it goes ahead. The existing Plan Trustees will remain in place, regardless of the outcome of the proposal.

We have the usual pension updates on **pages 6 to 7**, and there is also information about a change in the Plan's investment strategy on **page 12** that will hopefully consolidate the Plan's current strong funding position.

*We hope you enjoy reading Pension Time.*

## Dear member

The 2023 edition of Pension Time is our opportunity to update you on what has happened in the Plan over 2023. It's shared with 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

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Middlesbrough  
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# Information about a potential consolidation of trust schemes

**The Company is consulting with active members of the Compass Retirement Income Savings Plan (CRISP), and those eligible to join it, regarding a possible consolidation with the Plan from 1 January 2024.**

The Company issued a communication in September 2023 about its proposal to simplify and consolidate its pension arrangements. Some Plan members will have received the communication if they are also members of CRISP, but many won't have heard about the proposal, so we wanted to provide some information and reassurance that it won't affect your Plan benefits in any way.

## What is the background?

CRISP is Compass's DC scheme for current employees. It has its own structure and board of trustees, so has always been separate from the Plan. Some Plan members are also members of CRISP, so you may already know about it. There is also a lot of information about CRISP at [www.compass-pensions.co.uk/crisp](http://www.compass-pensions.co.uk/crisp)

## What are the proposed changes?

The Company is proposing to create a new CRISP section in the Plan from 1 January 2024, and move all CRISP members into it. This is a governance change only and there will be no effect on the pension benefits offered to Plan members or CRISP members.

## Why is the Company proposing these changes?

It will enable the Compass UK pension plans to be managed under one trustee board.

## Who are the trustees?

The intention is that most of the CRISP Trustee Board will join the Plan Trustee Board. This will ensure the appropriate knowledge and experience will be retained. The trustees of both schemes have been closely involved in this process and are supportive of the proposed changes.



## Who did the Company consult with?

The Company has to consult with active members of CRISP, and current employees who are eligible or potentially eligible to join. They are also consulting with the UK Works Council, which includes representatives nominated by recognised trade unions. As part of the consultation, the Company has confirmed that there will be no changes to CRISP members' funds, their available investments or contribution rates. There will also be no change to the eligibility criteria for joining CRISP.

## What could happen from January 2024?

If the proposal goes ahead, the current CRISP arrangement would close to new entrants and future contributions on 31 December 2023. From 1 January 2024, future contributions would automatically be paid into the new CRISP section of the Plan at the rate members currently pay, and new members will join the new CRISP section of the Plan. In January 2024, members' funds would be automatically transferred to the new CRISP section of the Plan.

## Will XPS administer the CRISP section?

No, the CRISP section will continue to be administered by Aviva.

## Will the change affect Plan members?

No, there will be no effect on Plan members because the type of benefits they are entitled to are different to CRISP members. The Plan is a Defined Benefit (DB) scheme, which means that benefits have built up based on each members' service and salary in the Plan. The Plan sets aside money to pay for members' benefits (you can read more about how the Plan is funded on [page 8](#)). This money is held in pooled funds, so there are no separate funds for each member, unlike in CRISP.

As CRISP is a DC scheme, each member has their own fund, which will be used to provide retirement benefits at the appropriate time. If the proposal goes ahead, these funds would be transferred into the CRISP section of the Plan and kept separate from the assets held for current Plan members. XPS Administration will continue to administer the Plan for DB members.

## Would there be any change to the funding position?

No, because the assets for the Plan will be kept separate from the funds held for CRISP members.

## Can Plan members join the new CRISP section?

You will only be able to join the CRISP section if you are an active employee of Compass and meet other eligibility criteria.

## Who can feedback on the consultation?

Only active CRISP members, and current employees who are eligible or potentially eligible to join, can feedback on the proposal. If that includes you, you will have already received instructions on how you can do this.

## When will the outcome of the consultation be communicated?

The Company will take time to carefully review and consider all feedback given, and plans to share the final decision in late November.





# Plan news



## Spring Budget pensions changes

**The 2023 Budget included changes to Government policy that affected pensions and may affect you if you've not taken your benefits yet.**

### Changes to the Lifetime Allowance

The Lifetime Allowance is the amount of pension savings you can build up in your lifetime without having to pay an extra tax charge. Most recently, it was set at £1,073,100.

The application of the Lifetime Allowance charge was suspended for the current tax year, as part of the Budget, and the Government plans to remove it completely from legislation from April 2024. This means that, from 6 April 2023, you will not have to pay extra tax if your pension savings exceed the Lifetime Allowance.

If you'd like more details about any of these changes, you can find out more on the Government website at [www.gov.uk/tax-on-your-private-pension](https://www.gov.uk/tax-on-your-private-pension)

### Changes to the Annual Allowance

The Annual Allowance is a cap on the pension savings you can make or build up in a tax year that benefit from tax relief. The Annual Allowance was £40,000 for the 2022/23 tax year. Following the Budget, the standard Annual Allowance increased by 50% to £60,000 for the 2023/24 tax year.

There are some circumstances where a different Annual Allowance may apply:

- If you're a very high earner with total UK taxable income of £200,000 or more, you may have a reduced Annual Allowance. This is calculated on a tapered basis, and the minimum Annual Allowance has increased from £4,000 to £10,000, from 6 April 2023, for someone with an 'adjusted income' of £360,000.

- If you have taken a flexible benefit from any defined contribution scheme since April 2015, while contributing to another pension scheme, you will have a reduced allowance (known as the Money Purchase Annual Allowance). The Money Purchase Annual Allowance also increased to £10,000 a year from 6 April 2023.

### A change to the cap on tax-free lump sums

Up until 6 April 2023, the total cash lump sum someone could take tax-free was limited to 25% of their remaining Lifetime Allowance. Following the suspension and anticipated removal of the Lifetime Allowance, the Government has set a fixed limit of £268,275 (25% of the 2022/23 Lifetime Allowance) on the total tax-free cash lump sum a member can take. If you have a protected right to take a higher tax-free lump sum you will continue to be able to do so.



## Change of postal address for the Plan

We are pleased to let you know about an improvement XPS Administration has made to the way it handles incoming mail. XPS has centralised this important function within one location, but there is no change to the location of the Plan administration team.

### The new postal address is:

Compass Group Pension Plan  
XPS Administration  
PO Box 562  
Middlesbrough  
TS1 9JA

## Pensions dashboard

Did you know that the Money and Pensions Service is running a project to establish an online pensions dashboard that will bring details of all your various pension arrangements into one place? This is designed to help savers in the UK access all the details of their pension savings all together, giving a clearer picture of what retirement could look like.

For more information, you can visit:  
[www.pensionsdashboardsprogramme.org.uk](http://www.pensionsdashboardsprogramme.org.uk)

## The reality of scams

With help from our administrators, we do everything we can to help you recognise when you're being targeted by a pension scam. This can mean that processing a transfer of your benefits will take a bit longer, but it is important that XPS follow these steps to make sure you do not lose your savings.

Here are some quotes from people whose lives have been affected by scams:

"You've got all those pieces of evidence all over your bed, all over the floor, all over everywhere. I put the documents back in order. They are currently under the desk behind me in a red box. I've hidden the box with a blanket because I can't look at it. It makes me physically sick."

"I was diagnosed with depression. It was very severe, acute depression. I was referred to talking services. I was put on medication. I was suffering from anxiety, not being able to sleep. I had panic attacks."

These aren't Plan members, but hopefully it brings home the reality of pension scams and the effects they can have on people's lives. Visit [www.mypension.com/compass/scams](http://www.mypension.com/compass/scams) for information.

## Our current projects

We have been reviewing the information which is held for Plan members, and have asked XPS to help us to check that the details held are accurate and up to date. This will help us more accurately measure the overall funding position of the Plan.

The review of information covers:

- Address details
- Overseas existence checks
- Date of birth
- Whether you currently have a spouse or partner

You'll be asked to provide this information through the XPS website or, if you'd prefer, you can call their verification helpline. You can also call if you have any questions.

We're currently working with XPS to agree the timing of these exercises. The overseas check is in progress and the others are likely to happen towards the end of this year.

# Actuarial update 2023

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

This statement provides details of the formal three-yearly Actuarial Valuation, which took place as at 5 April 2022, and the annual update on 5 April 2023.

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 fewer 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 must pay benefits to, both now and in the future.

- **Active** members will continue to earn benefits in the Plan each year, linked to Pensionable Pay.
- **Deferred** members have stopped building up benefits in the Plan. The benefits they earned will be payable when they retire.
- **Retired** members will be receiving a pension from the Plan.

### Plan security

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

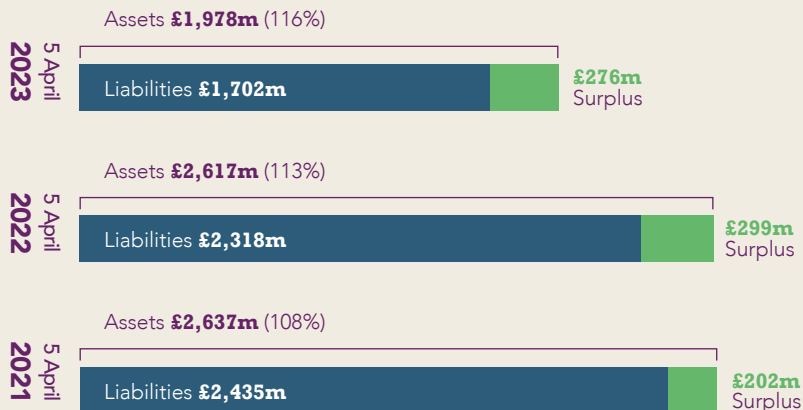
**Liabilities** – The estimated cost of paying members the benefits that they have built up.

**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 annual update in 2023, which we can compare to the formal Actuarial Valuation results from 2022.

The funding position has continued to improve since the 2022 valuation. At 5 April 2023, the Plan had a surplus of **£276m** and a funding level of **116%**. At 5 April 2022, the Plan had a surplus of **£299m** and a funding level of **113%**.



You can see that the funding position has improved from **113%** to **116%** over the last year, with the surplus decreasing slightly from **£299 million** to **£276 million**.

## Why has the position changed?

There was a high level of market volatility over the year to 5 April 2023. Gilt yields increased and inflation started to fall, which led to a significant decrease in the value of the Plan's liabilities.

The Plan's matching assets moved broadly in line with the decrease in the value of the Plan's liabilities, whilst other assets slightly underperformed over the period. This was offset, to a degree, by the contributions paid by the Company.

Overall, this led to a small decrease in the value of the surplus from £299m to £276m, but an increase in the funding level from 113% to 116%.



## How much money does the Plan need?

Our goal is for the Plan to be 100% funded on an **ongoing** basis (shown on **page 9**), which assumes that the Plan continues to run as it is. This would mean that the Plan is able to meet the expected costs of paying every member their benefits when they're due. However, it doesn't have to meet all 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.

*This is information we need to tell you, but it does not mean that there are plans to wind-up the Plan anytime soon.*

## 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 2022, the assets could have paid for the full benefits of all members.

The estimated cost of buying the benefits with an insurance company was **£2,556m** compared to assets of **£2,617m**. So on this particular basis there would be a surplus of **£61m** and a funding level of **102%**.

This compares to a deficit of **£202m** and a funding level of **93%** as at the 2019 Valuation, an improvement of **9%** 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) may 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 2023.

A full copy is available by writing to Compass Group Pensions Department at the address on [the back page](#).

## Membership

Members of the Plan as at 5 April 2023 (figures in brackets show 5 April 2022 membership).

**68** (91) Active members

**12,767** (13,634) Deferred members

**13,913** (13,622) Pensioners

**26,748 (27,347) Total membership**

Plus **3,433** (3,474) Residual Protected Rights members

Fund at 5 April 2022 (£m)	2,628.145
Change in market value of investments	- 581.820
Investment income (including income from annuities)	23.511
Member contributions	0.080
Company contributions	2.474
Transfers in	0.000
Other income	-0.120
<b>Total income</b>	<b>+25.945</b>
Pensions and other benefits	73.629
Investment management fees	0.193
Individual transfers out and payments to leavers	6.785
Administrative expenses and other payments	3.823
<b>Total outgoings</b>	<b>-84.430</b>
Fund at 5 April 2023 (£m)	1,987.840

# Investment update

**Over the year to 5 April 2023, the Plan's investments dropped in value significantly due to the market volatility experienced at the end of 2022. However, the value of liabilities also dropped and the Plan's funding position improved, as you can see on page 9.**

The Plan's Investment Committee regularly reviews the investment strategy. Following the financial volatility towards the end of 2022, the Committee decided to disinvest the Plan's equity portfolio in December 2022.

Following the disinvestment, the Plan's asset allocation was out of line with the existing Statement of Investment Principles (SIP), therefore a new SIP was prepared in June 2023 and signed in August 2023.

The new SIP's investment strategy is designed to protect the Plan's strong funding position and targets the following asset allocation:

- **12.5%** in **Corporate Bonds** managed by M&G
- **87.5%** in **Matching Assets** comprising bonds and gilts and other liability matching instruments within the Liability Driven Investment (LDI) and Credit Default Swap (CDS) portfolios. The LDI and CDS portfolios are managed by Legal & General Investment Management (LGIM).

You can find the SIP at:  
[www.compass-pensions.co.uk](http://www.compass-pensions.co.uk)

The actual investment allocation as at 31 March 2023 (before the implementation of the new SIP) was:

- **15.0%** in return seeking assets
- **85.0%** in matching assets

The **next page** shows a full breakdown of the actual 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

## Return seeking assets

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


## Matching assets

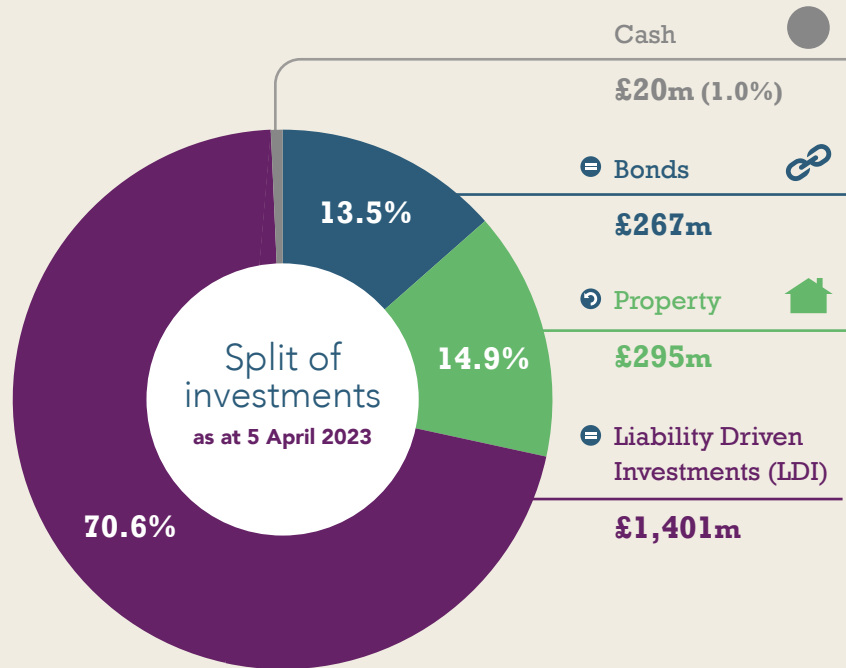
Assets that change in value in a similar way to the value of the Plan's liabilities.

## Bonds and gilts

Loans to a company or government.

 Property is a return seeking asset.

 LDI and Bonds are matching assets.



# Accessing your pension details online

**We are currently undertaking an exercise to target different groups of members and encourage them to register. If you haven't registered, you should have received your registration details recently. Please register and start viewing your pension online now!**

## Taking care of your loved ones

In the last issue of Pension Time, we reminded you how important it is to review your beneficiary nominations. This is because a lump sum benefit may be payable from the Plan, if you die. You can nominate who you would wish to receive this payment and, although it is not legally binding, the Trustees will take account of your wish when deciding who to pay it to.

If you don't regularly review and update your nomination, the lump sum may be paid to someone who you would not wish to benefit. You can quickly and easily update your nomination online by registering and logging into your account at [www.mypension.com/compass](http://www.mypension.com/compass) then:

- Click on the Nomination section
- Review your current nominations
- Click the relevant button if you need to make changes
- Or confirm that your nominations are up to date

If you haven't registered already, go to [www.mypension.com/compass](http://www.mypension.com/compass) and register using the details provided in your recent communication.

If you didn't receive a letter and want to register, please get in touch with XPS Administration (contact details are on the back page).





# How registered members are using the MyPension site:



Registered **active**

**22**



Registered **deferred**

**4,860**



Registered **pensioner**

**4,511**

**9,393**  
**total**  
**registrations**

(35% of the  
membership)

## Actions since January 2023:

Address  
changes

**270**



Expression of  
Wish updates

**808**



**Members have logged in: 9,066 times**

[www.mypension.com/compass](http://www.mypension.com/compass)



# More support



## Administrator's contact details

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