

## Pensions Newsletter – March 2023

Welcome to your latest newsletter, keeping you up to date with developments affecting the RBP Section of the AMG UK Group 2006 Pension Plan (“the Plan”) and wider pensions news.

### A message from the Chair of the Trustee, Leonora Scaife

Geo-political tension continues to impact the global economy, pushing inflation higher than it has been for decades and putting pressure on many peoples’ finances. The Government’s package of support towards energy costs and introduction of an energy price cap aims to help, and the hope is that inflation starts to fall to more typical levels sooner rather than later. As we did throughout the pandemic, we are monitoring how these external pressures might impact the Plan and will make any changes we feel are necessary to protect it and the best interests of you, the members.

Inside, you can read how the Plan’s financial position is developing in our latest summary funding statement. We report on the Plan’s funding position as at 31 December 2020. You’ll recall from the last Newsletter that the detailed three yearly assessment of the financial strength of the Plan is due as at 31 December 2021. This exercise is underway and expected to complete by the end of March 2023. We’ll be reporting on these results in more detail in the next Newsletter.

We also include a summary of the year’s accounts and an update on the Plan’s investments.

During the period covered by this Newsletter the Trustee carried out a review of its key advisors (those that provide administration, actuarial, investment and governance services). As a result of that exercise Aon were appointed in place of Mercer for all these services, with effect from May 2022 (although Mercer will continue to administer the Plan until the the end of April 2023, since the hand-over of administration is a more complex exercise). Read more about the reason for the review on page 2.

Pension fraud shows no sign of going away sadly, but as Trustee Directors, we now have new powers to help you avoid pension scams. Read more on page 4.

As always, please do get in contact if you have a query about the Plan or your benefits, or if there is a topic you would like us to feature in our next issue. The contact details are on page 6.

Leonora Scaife  
**Chair of Trustees**

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# In numbers





## The membership

At 31 December 2021 there were 442 RBP members in the Plan compared with 448 RBP members at the same date last year. This does not include members in the MRA Section.

34	<b>Deferred members</b> - no longer building up benefits but have benefits in the Plan for when they retire.
408	<b>Pensioner members</b> - receiving benefits from the Plan (and including the dependants of members who have died).

## The accounts

Here we show headline figures from the Plan's Annual Report and Accounts. If you would like more detail, please request a copy of the full report using the contact details on page 6.

The value of the RBP assets supporting the Plan at 31 December 2021	£76.9 million	
The increase in the value of the RBP assets over the reporting year	£1.5 million	
The total value of Company contributions paid into the Plan during the year	£1.6 million	
Running costs and the total value of benefits paid to RBP members during the year	£4.2 million	

## Update on the MRA Section of the Plan

In early 2022, the Trustee and AMG jointly reviewed the MRA Section of the Plan, to consider whether this remained suitable for members' defined contribution savings, or whether there was a better alternative arrangement. Following this review and a competitive tender exercise, we decided that Aon's master trust arrangement was the best scheme both for our current and future MRA members. Therefore, for members of the MRA Section, an exercise to transfer members' defined contribution funds to the Aon MasterTrust is taking place during December 2022. If you are affected by this, you will already have received separate communications on this topic. This review, and the changes for members in the MRA Section, do not impact on members' RBP Section benefits.

## Update on Advisors

The trustee instigated the review as it felt that service levels provided by Mercer were not at the required levels for the members and trustees. A review was undertaken to identify alternative providers and a competitive tender was performed. The selected provider was able to demonstrate expected service levels, new thinking on investment management and improved use of technology.

# Investment update

As Trustee, it is our responsibility to decide on the overall investment strategy, and to make changes as and when appropriate. We work closely with our investment advisers and we keep a close eye on how the funds are performing.

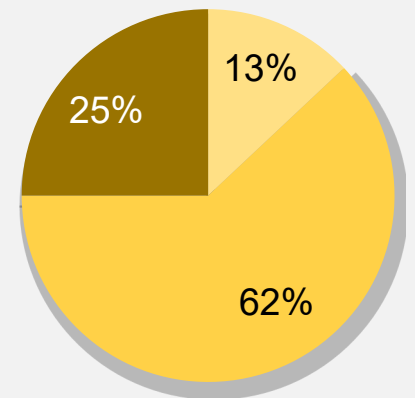
Following the period covered by this Newsletter the Trustee has started a strategy review with Aon, our newly appointed Investment Advisors. This review is still underway, but we will report on the decisions and actions taken in the next Newsletter.

## Asset allocation

At 31 December 2021, the RBP section of the Plan held invested assets of £76.7 million compared with £77.8 million at the same date last year (not including cash).

The chart adjacent shows how the Scheme's investments were allocated at 31 December 2021, across asset types.

- Bond Funds 13%
- Diversified Growth Funds (DGF) 62%
- Liability Driven Investment Funds 25%



## Performance

The table below shows how the Plan's investments have performed compared with their agreed benchmarks. The benchmark is an agreed indicator of how the assets are expected to perform bearing in mind economic and market expectations.

12 months to 31 December 2021		Over three years to 31 December 2021 (% per year)	
Performance	Benchmark	Performance	Benchmark
2.1%	-0.5%	10.2%	7.0%

Whilst the actual returns over the previous one- and three-year periods have been higher than the benchmark returns, the Trustee is revising the investment strategy to ensure it is suitable going forwards and aligned to the Trustee's long-term strategy.

For further details on our investment approach, read our Statement of Investment Principles (SIP) at <https://amgukgrouppensions.com/>. You can also read our engagement policy Implementation Statement showing how our policy on engagement activities and voting has been followed during the year at the same web address.

## New powers to tackle pension fraud

In the ongoing battle to protect people from falling victim to pension fraud, the Government has given pension scheme trustees new powers to put a transfer on hold, or to block transfers out of their schemes completely if certain 'warning flags' suggest fraudulent activity or a scam.

Most transfers are likely to be straightforward and take place without any issues, however, the new regulations require pension scheme trustees to intervene if particular warning flags are raised.

In some situations, the transfer will go on hold until the transferring individual proves that they have taken free, scam-specific guidance from the Money and Pensions Service.

If there are more serious warning flags that indicate possible fraud, trustees are required to block the transfer and prevent it from going ahead.

If you are a deferred member and thinking about transferring your benefits out of the Plan, there will be more information about this in your transfer pack.

You may find that a transfer may take longer than anticipated due to these new requirements.

For details of the new regulations, go to [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk) and choose **Document library > Scheme management detailed guidance > Administration > Dealing with transfer requests**.

## Planning to retire early?

The Government has confirmed that the earliest age most individuals can start receiving their pension benefits will go up from age 55 to 57 in 2028. This change is set out in the Finance Act 2022.

This change will affect members of the RBP section of the Plan (as there is no Protected Pension Age under the Plan rules). The earliest age you will be able to start receiving your pension benefits will be 57 from 6 April 2028.

The Government confirmed further details of the rise in State Pension Age will be published in early 2023.

If you are thinking about retiring early and want to check when you can start receiving your Plan pension, please get in touch with the Plan administrators.





## New climate-related reporting duties

There is increasing focus on Environmental, Social and Governance (ESG) factors on investment decisions and the Scheme in general.

In keeping with this, the Task Force on Climate-Related Financial Disclosures (TCFD) has been established to develop best practice guidance for climate reporting in different sectors, including the pension industry.

In December 2021, the Pensions Regulator published a final version of its guidance on the governance and reporting of climate-related risks and opportunities.

This recognises the collective potential that UK pension Schemes have as a force for good, and the prospects that a greener future can offer to all stakeholders.

With better climate-related financial information, companies and trustees will be better-placed to incorporate climate-related risks and opportunities into their strategies.

This in turn, will raise investors' understanding of the financial implications of climate change. The aim is that this will empower the markets to channel responsible and sustainable investment opportunities.

TCFD reporting is being rolled out in stages, with the largest Schemes required to report this year.

At this stage only the largest of pension schemes need to comply with report requirements although it is possible that this will become mandatory for all schemes in the future. As ever we will work closely with our advisers to ensure that we take all the necessary steps as required.



## Diversity, Equity & Inclusion (DEI)

Alongside the attention that climate change and the environment is rightly getting in respect of pension schemes, diversity, equity and inclusion is also becoming increasingly important to trustee boards. This includes considerations such as ensuring that:

- all members are getting information in an accessible way, and
- the trustee board is engaged in getting a diverse composition of personalities, skills, experience and characteristics in order to make better decisions.

As your Trustee we always try and ensure that DEI is at the forefront of our mind when dealing with Plan matters, including our processes and communications.

## Pensions Dashboard: latest

A few years ago, the Government called on the pension industry to develop and launch an online pension dashboard. The aim is to enable everyone to have quick and easy access to information on all their pension savings in one place.

To achieve this, the Money and Pensions Service established a Pensions Dashboards Programme (PDP) team.

Earlier in 2022, the PDP confirmed that the digital build phase is almost complete, and the first volunteer providers are nearly ready to connect to the system to begin testing using data.

This means that the rest of the planned development remains on track to release to the onboarding phase, beginning with the largest schemes first, from next Spring/Summer, to achieve broad coverage.

In order to prepare for the release of Pensions Dashboards, between now and when we have to get data ready for it (the first half of 2025), we will be working with our advisers to make sure that we have the right processes in place to be able to support this initiative.

Consumer testing is also expected to take place during 2023, ahead of moving to widespread public availability from 2024. To find out more about the PDP go to

[www.pensionsdashboardsprogramme.org.uk](http://www.pensionsdashboardsprogramme.org.uk).

You can also read regular updates on their blog as the programme progresses:

[www.pensionsdashboardsprogramme.org.uk/category/blog](http://www.pensionsdashboardsprogramme.org.uk/category/blog)

# More information

To find out more about the Plan, please go to <https://amgukgrouppensions.com>

As well as your Member Booklet which contains Plan specific information, there are lots of useful websites that can help you understand your options and support you with your retirement planning.

## Get to know your pension at [www.yourpension.gov.uk](http://www.yourpension.gov.uk).

The site has a tool that can quickly generate you a retirement checklist to help you assess where you are with your planning. It also has useful links to a pension calculator, a State Pension calculator and more.

## Picture your future at

<http://www.retirementlivingstandards.org.uk>. The retirement living standards show you what life in retirement looks like at three different levels, and what a range of common goods and services would cost for each level.

## MoneyHelper

MoneyHelper is a free, impartial guidance service, backed by the Government. It brings together the support that was previously available through the Money Advice Service, the Pensions Advisory Service and Pension Wise.

[www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

## Contact point

Please use any of the methods below to get in touch with the Mercer Administration team:

Email: [pensions@mercer.com](mailto:pensions@mercer.com)

Call: 0345 078 2054

Write to: AMG UK Group 2006 Pension Plan, Mercer, Maclaren House, Talbot Road, Stretford, Manchester, M32 0FP

Or you can contact Christine Allen at AMG:

Email: [payroll@amg-chrome.com](mailto:payroll@amg-chrome.com)

Call: 01709 833 754

Write to: AMG Chrome Limited, Fullerton Road, Rotherham, S60 1DL

## Behind the scenes

As Trustee Directors we maintain up-to-date knowledge of pensions, investments and finance. We also attend training courses as and when necessary, for example, when pensions legislation changes. We meet regularly throughout the year to discuss how the Plan is progressing.

The Board is made up of Company-appointed Directors and member-nominated Directors. There remains a vacant member-nominated position on the board for anyone who is eligible, interested and has the time to commit to this challenging but rewarding position. Please contact Christine Allen at AMG if you are interested.

Company-appointed	Member-nominated
L Scaife	J Bradbury
S Scarfe	J Murrie
E Webster	Vacant position

## Reminder to keep us up to date

Please let us know if you change your name or address so we can continue to contact you about the Plan and your benefits.

Please also update your Expression of Wish form if you need to. This tells us who you would like to receive any benefits that become payable in the event of your death. As the Trustee, we have the final say over who receives the benefits. We will consider your Expression of Wish form, so if you have never filled one in, or you have not done so recently, particularly if your circumstances have changed, please complete a form and send it to us.

You can download a blank Expression of Wish form from the Plan website.

## Taking advice

If you would like advice about your retirement plans, we recommend you speak with an independent financial adviser. You can find an adviser in your area by searching MoneyHelper's online directory.

Go to [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk) and choose Pensions and retirement > Taking your pension > Find a retirement adviser.

**Remember:** if you would like more information about the Plan, you can find lots of information on the website (see above) including a copy of the Trustee's Annual Report & Accounts, older Newsletters and your Member Booklet. Or you can contact the administration team or Christine Allen for these documents (details on the left).

We appoint professionals to support us on areas of particular expertise.

Administrator	Mercer Limited
Actuary	Paul Crocker FIA, Aon
Auditor	BDO LLP
Investment Adviser	Aon
Legal Adviser	Eversheds Sutherland (International) LLP

# Summary Funding Statement

This section summarises the results of the funding update at 31 December 2020. It also looks at the most recent previous results. These financial health checks are vital for monitoring the Plan's progress. We hope the information helps you to understand how the Plan is developing.

## The latest position

The table below shows how the funding position has changed since the valuation at 31 December 2018, the latest funding update at 31 December 2020, and the funding update as at 31 December 2019.

	Update	Update	Valuation
Date	31 December 2020	31 December 2019	31 December 2018
The funding level	<b>96%</b>	<b>92%</b>	<b>86%</b>
The funding target	£81.1 million	£78.1 million	£75.9 million
The value of the Fund's assets	£77.6 million	£71.6 million	£65.1 million
The overall position	Shortfall of £3.5 million	Shortfall of £6.5 million	Shortfall of £10.8 million

The latest update shows that the funding level has improved since the update at 31 December 2019, which is also an improvement on the previous year's valuation.

The next financial check will be based on the Plan's position at 31 December 2021. This exercise is underway, and we will report on the results once they are complete.

It is important to remember that it is normal for pension scheme funding levels to fluctuate over time. Even when funding is temporarily below target, the Plan will continue to pay benefits in full as long as it continues.

## Reasons for the change

The main factors which have contributed to the improvement in the funding level since 31 December 2018 have been:

- Changes in gilt yields have resulted in an increase in the value of the past service liabilities
- Investment performance has been better than assumed
- Plan experience and
- Recovery Plan contributions from the employer have reduced the deficit

# Summary Funding Statement

## Removing the shortfall

As part of the valuation at 31 December 2018, we agreed with the Company to bring the Plan to a fully funded position. This is known as a 'recovery plan'. The Company agreed to pay £1,230,000 per annum for a period of 4 years and 1 month from 1 January 2020 to 31 January 2024. This will be increased by 3% each 1 January.

These contributions and anticipated investment growth are expected to remove the shortfall by 31 January 2024.

In addition, the Company continues to pay additional contributions into the Plan towards administration costs, running expenses and other charges.

The next formal valuation will look at the Scheme's position at 31 December 2021. This will include working out if the recovery plan is on track or if changes need to be agreed.

At 31 December 2018, the Plan's full solvency funding level was 71% with a shortfall of £27.2 million. Please note that we are legally required to report the full solvency position as part of this funding statement. The Company has no current plans to end the Plan.

We must also tell you if there have been any payments to the Company out of Plan funds in the last 12 months. There have not been any.

## The Pensions Regulator

The Pensions Regulator is the UK watchdog of workplace pension schemes. It has the authority to change the way occupational pension schemes are run though it has not needed to use its powers in this way for our scheme. You can find out more about the Regulator online at

[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk).

## If the Plan came to an end

The Plan's funding level is worked out in two ways.

- The 'ongoing' basis (shown above), which assumes that the Plan will continue into the future.
- The 'full solvency' basis, which shows the funding position if the Plan started to 'wind up' at the date of the valuation. If this happened, all members' benefits would have to be secured without delay by buying insurance policies. This would be more expensive than paying benefits gradually over time, so the full solvency position is generally lower than the ongoing position, even for fully funded pension schemes.

