

Pensions Newsletter & Summary Funding Statement

Letter from the Chair

Welcome to the 2023 pensions newsletter for members of the Unite Pension Scheme (the Scheme).

The primary purpose of this newsletter is to update you on the financial development of the Scheme. We have also provided extra information about the Scheme and its operation.

The annual report and accounts have been produced for the year ended 30 September 2022 and are summarised in this newsletter. If you would like a copy of the annual report and accounts, please contact the Secretary.

The most recent actuarial valuation of the Scheme was carried out with an effective date of 30 September 2020. The results of this valuation are summarised on **page 2**, alongside the results of the more recent actuarial updates as at 30 September 2021 and 30 September 2022.

I hope that you will find this newsletter useful and interesting as a measure of the contribution that the Scheme makes to the welfare of the past and present employees of Unite and its predecessors.

This will be the last Scheme newsletter that I sign off, as I will soon be stepping down from my role as Chair of the Trustee and the Union. I have been the Chair of the Trustee since 2014, having become a Trustee of the previous TGWU scheme in 2004. It has been my pleasure to serve you as Scheme members throughout the years, through both the good and the more challenging times. You will continue to be well looked after in the future.

Tony Woodhouse

Chair, Unite Pension Scheme Trustee Limited

Ongoing monitoring

In the last newsletter, we reported on the results of the actuarial valuation of the Scheme as at 30 September 2020, and also provided an update on the funding position of the Scheme as at 30 September 2021. Whilst there was a small deficit in the Scheme as at 30 September 2020, this had improved to a surplus as at 30 September 2021, following a deficit contribution paid by the Union, and changes in market conditions.

We are pleased to report that the Scheme continues to be in surplus as at 30 September 2022. More details can be found on **page 2**.

Keep in Touch

Please help the Trustee by ensuring that your Expression of Wish form is kept up to date. A blank Expression of Wish form, which includes instructions on where to send after you have completed it, can be found in the Documents & Forms section of the Scheme's website:

<https://www.unitepensions.org>

Please also help us by making sure we have your correct contact details. If your details have changed, or if you need any further information or help at all, please contact the Scheme Administrator, whose contact details are on **page 2**.

Who are the Trustees?

The Scheme is looked after by a Trustee Company (Unite Pension Scheme Trustee Limited) rather than by individual trustees. The individuals named below are Directors of the Trustee Company and are responsible for the management of the Scheme.

Union Nominated Directors:

Tony Woodhouse	Fiona Tatem
Kerry Owens	Mary Callaghan
Maggie Ryan	Peter Hughes
Dave Williams	

Member Nominated Directors:

Gareth Richards	John Neal
Mark Plumb	Chris White*
Doug Patterson	Pia Westin
Dave Marsh**	

Secretary to the Trustee:

The Trustee can be contacted by writing to:

Alex Ryan
Secretary to the Trustee
Unite Pension Scheme Trustee Limited
Unite the Union
128 Theobald's Road
London, WC1X 8TN

Alternatively, you can contact the Trustee via:

Email: alex.ryan@unitetheunion.org

*Chris White was replaced by Sarah Edwards on 12 April 2023

**Dave Marsh was removed as a Director on 17 March 2023

Who else is involved in running the Scheme?

Pension schemes are complicated to run, so the Trustee appoints various advisers to make sure the Scheme is operated properly and that benefits are paid in accordance with the Scheme’s Rules.

Unite Pension Scheme Administrator:

First Actuarial LLP
Trafford House
Chester Road
Manchester
M32 0RS

Email: unite.pensions@firstactuarial.co.uk

Telephone: 0161 348 7498

Scheme Actuary:

Hilary Salt FIA
First Actuarial LLP

Bankers:

Barclays Bank plc

Auditors:

BDO LLP

Legal Advisers:

Pinsent Masons LLP

Investment Adviser:

Aon plc

Investment Managers:

Janus Henderson Investors
PIMCO (Europe) Limited
Newton Investment Management Ltd
JP Morgan Asset Management
Pictet Asset Management
Mirova
Blackrock Investment Management (UK) Limited
Legal and General Investment Management Ltd
Neuberger Berman Europe Ltd (UK)
Nuveen
Brookfield

Funding Statement

The Scheme is a Defined Benefit scheme. This means that it gives you an income for life after retirement, based on the length of time you were a member of the Scheme and the level of your earnings while an active member.

The Trustee uses the assets of the Scheme to pay pensions to Scheme members, including future pensions to those members who have not yet retired. The assets are held separately from the Union. Assets can only be paid to the Union if they are more than is needed to arrange for an insurance company to pay all benefits. No payment to the Union has been made since the date of the last statement.

How much money does the Scheme need?

Working out the value of the benefits promised to members – how much money we need to pay all the members’ pensions – is not an exact science. It depends

on several things, including inflation, investment returns and how long Scheme members live.

A full valuation of the Scheme is carried out every three years. As part of the valuation, the Scheme Actuary calculates whether or not the assets are worth more than the amount we think is needed to pay out the benefits. If that is not the case, then the Trustee and Union will agree what action needs to be taken.

Scheme’s Financial Position

The most recent full actuarial valuation of the Scheme was carried out with an effective date of 30 September 2020. The results of this valuation are set out below, alongside the funding updates as at 30 September 2021 and 30 September 2022.

	30 Sep 2020	30 Sep 2021	30 Sep 2022
Assets*	£1,091.2m	£1,136.4m	£927.3m
Liabilities	£1,102.4m	£1,075.7m	£888.2m
Surplus / (Deficit)	(£11.2m)	£60.7m	£39.1m
Funding Level	99%	106%	104%

*excluding Additional Voluntary Contributions

Between 2020 and 2021, the funding level improved and the Scheme went into surplus. The main reasons for this were investment performance achieved on the Scheme’s assets, and changes in market conditions which increased future expected investment returns and reduced the liabilities.

Between 2021 and 2022, the assets and the liabilities both reduced, and the funding level worsened slightly, although the Scheme remained in surplus. The main reason for this was that inflation was higher than previously assumed. This was partially offset by a one-off £22m deficit reduction contribution paid by the Union in April 2022.

If the value of benefits is greater than the assets held when assessed at a full actuarial valuation, the Trustee and Union must agree a plan to safeguard members’ pensions by making sure the assets catch up. Following the 2020 valuation, the Union agreed to pay a one-off lump sum of £22m before 30 April 2022, to top up the assets of the Scheme. The next formal actuarial valuation of the Scheme is due as at 30 September 2023, with the results of that valuation known by 31 December 2024.

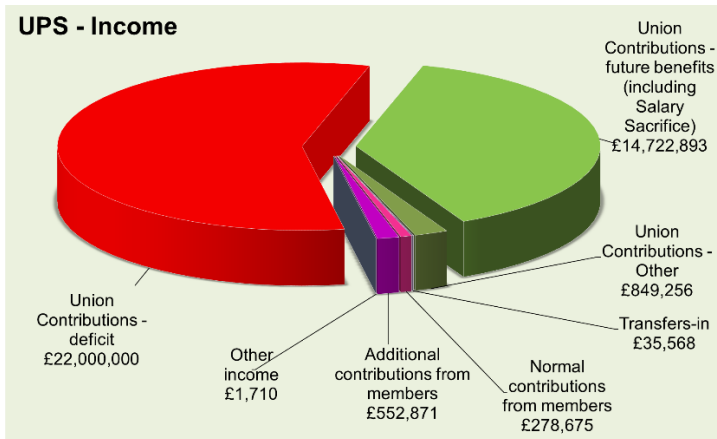
As part of the actuarial valuation, the law also requires an assessment to be made of the extent to which the assets would cover the liabilities of the Scheme if the Scheme were to wind up and buy out the benefits of members with an insurer. The valuation as at 30 September 2020 showed that the Scheme’s assets represented approximately 68% of this cost, i.e. the assets were not enough to be able to buy out the benefits of members with an insurer. This is not unusual for pension schemes. Inclusion of this information does not imply that the Union is thinking of winding up the Scheme.

Trustee's 2022 Report and Accounts

The latest audited annual report and accounts for the Scheme were produced for the year ended **30 September 2022**.

Income

The income for the year (excluding investment returns) was **£38,440,973**.

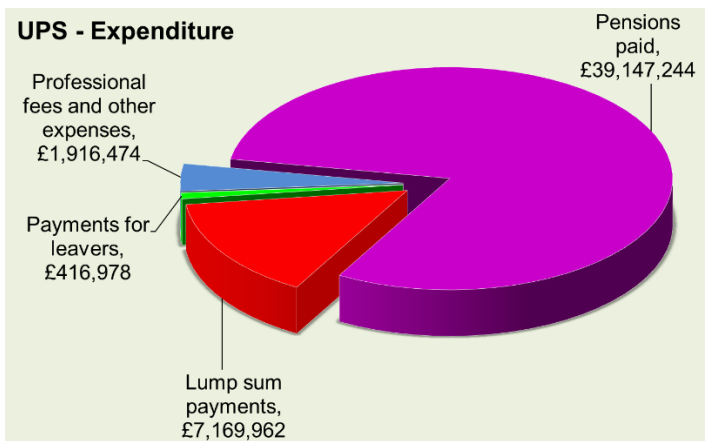


The overall net investment returns over the year to 30 September 2022 achieved by the Scheme's investments were **-£200,370,535**, or **-17.6%** (against a benchmark of **-14.2%**). The investment returns are in addition to the income above.

The main reason for the fall in the value of the Scheme's investments over the year was a significant increase in yields on government bonds, which leads to a lower market value of the Scheme's bond assets. However, the Scheme invests in assets which match the movements of the liabilities, so Scheme liabilities also fell significantly over the same period (as can be seen on **page 2**). This meant that the Scheme remains in surplus as at 30 September 2022.

Expenditure

The total expenditure for the year was **£48,650,658**. The bulk of the Scheme's expenditure is pensions paid to retired members. Each month, the Scheme pays out around £3.3m in total to over 3,500 pensioners.



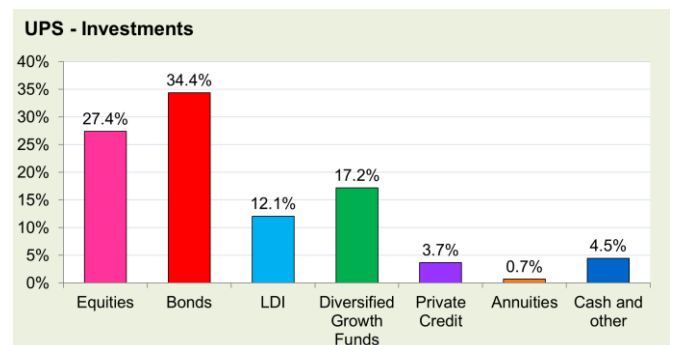
Assets

The net value of the assets in the Scheme on 30 September 2022 was **£930,293,976**. A summary of the net change over the year is given below.

	Assets in the Scheme*
Value of net assets at 30 September 2021	£1,140,874,196
Plus income	£38,440,973
Minus net investment losses	(£200,370,535)
Minus expenditure	(£48,650,658)
Value of net assets at 30 September 2022	£930,293,976

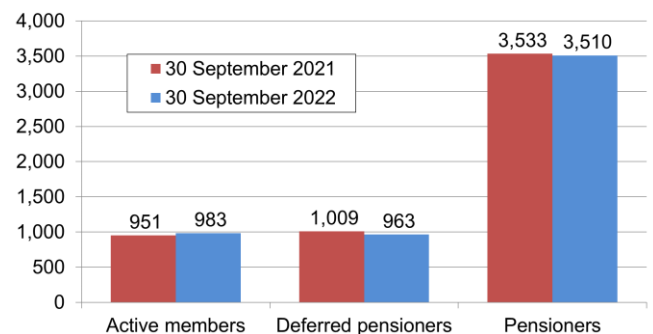
*including Additional Voluntary Contributions

The assets held at **30 September 2022** were in the following asset classes:



Scheme membership

The membership of the Scheme at 30 September 2022 is shown below, together with the membership at 30 September 2021 for comparison.



The Pensions Regulator

The Pensions Regulator (TPR) is the UK Regulator for work-based pension schemes. TPR has certain powers it can use if it has concerns about a scheme's funding, but it has not used any of these powers in relation to this Scheme.

The importance of the Union

The Union is the Principal Employer. The Trustee's objective is to be able to pay the pensions both now and in the future. The success of the Scheme relies on the Union's continuing support to:

- pay future running expenses of the Scheme;
- meet any funding shortfall.

If the Union became insolvent, the Pension Protection Fund (PPF) can pay compensation to members in certain circumstances. Further details are available at www.ppf.co.uk/our-members.

Pensions News

Spring budget brings changes to pensions tax

The lifetime allowance (LTA) is a limit on the pension savings that can be built up by an individual in registered pension schemes while still benefitting from tax relief. The Chancellor announced that the LTA will effectively be abolished from April 2023.

The annual allowance (AA) is the maximum amount of pension savings an individual can make each tax year to registered pension schemes with the benefit of tax relief. The Chancellor announced that the AA limit will rise to £60,000 from the 2023/24 tax year from £40,000. If you are an active member, the Scheme administrators calculate how much of the annual allowance you have used each year for your annual benefit statement.

DWP stall over dashboards launch date

The DWP has recently announced delays to their long-awaited Pensions Dashboard Programme, a digital portal in which individuals will be able to access details about their pensions, including the State Pension, in one place. The main intentions driving the programme are to help people make informed plans for retirement and to reunite them with any pension pots they may have 'lost'.

First scheduled to be released in 2019, the most recent timetable was for the biggest pension schemes to connect to the dashboard from 31 August 2023. DWP have so far provided no revised launch date for the programme.

Using your personal information

The Trustee and the Scheme Actuary will only use your personal information for the administration and financial management of the Scheme. It will only be shared with third parties where there is a legal obligation on us to do this or where it is necessary for the proper administration of the Scheme.

For information on how your information is used, how we maintain the security of your information and your rights to access information we hold on you, please contact the Trustee care of the Scheme Administrator.

Further information

The Trustee has set up a website for members of the Scheme: www.unitepensions.org

The Documents & Forms page in the Members section of the Scheme's website includes details of how to obtain:

- the current Scheme Booklet;
- the full Actuarial Valuation as at 30 September 2020;
- Recovery Plan & Schedule of Contributions;
- the latest Statement of Investment Principles;
- Additional Voluntary Contributions application form;
- the Trust Deed & Rules; and
- a copy of the disputes procedure.

If you have yet to start receiving your pension and we have not sent you a benefit statement in the last 12 months, you can ask for one. This will provide an estimate of your pension at retirement.

If you are thinking of leaving the Scheme for any reason, you should consult a professional adviser, such as an independent financial advisor, before taking any action.

Queries and complaints

All queries should, in the first instance, be referred to the Secretary (contact details on **page 1**). If you are not satisfied with any response to queries raised, the Trustee has a formal disputes procedure in place. This can be found in the Documents section of the Scheme's website, or from the Secretary.

If a complaint is not dealt with to your satisfaction, then the organisations below may be able to help.

MoneyHelper

MoneyHelper (formerly the Money and Pensions Service) is available to help you with any difficulties you have failed to resolve with the Trustee or with the Scheme's administrators. This service is free and may be of use if you cannot resolve a problem through the disputes procedure. Contact MoneyHelper by:

Writing to: 120 Holborn, London EC1N 2TD
Calling: 0800 011 3797
Or, visiting: www.moneyhelper.org.uk

Pensions Ombudsman

The Pensions Ombudsman (TPO) may investigate and decide upon any complaint or dispute made or referred to him. Complaints or disputes may be referred to them by MoneyHelper. Contact TPO by:

Writing to: 10 S Colonnade, Canary Wharf, London E14 4PU
Calling: 0800 917 4487
Or, visiting: www.pensions-ombudsman.org.uk

The Pensions Regulator

As the regulator of work-based pension schemes in the UK, their focus is to tackle risks to members' benefits, working with the schemes to identify and reduce risk to protect your benefits. More information can be obtained from the website: www.thepensionsregulator.gov.uk