



ITB

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PensionNews

The Newsletter for Members
of the ITB Pension Funds

YOUR SCHEME WORKING
FOR YOUR FUTURE



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Your Trustees

The ITB Pension Funds is managed by a Board of 14 Trustees. 7 are nominated by employers and 7 are nominated by members. There has only been one recent change – on 31 March 2023, Peter Rogerson stepped down as the Employers’ Deputy Chair after 19 years in the role and David Birtwistle has taken over that position. Peter remains on the Board, having been reappointed as the Employer Nominated Trustee for CITB. The Chair, Newell McGuinness, expressed his sincere thanks to Peter for his enormous contribution and service and he looks forward to working with him as a trustee in the future. The Board now is as follows:



**Newell
McGuinness**

Chair

– nominated by
SECTT



**David
Birtwistle**

Employers’
Deputy Chair

– nominated by
Enginity



Robert Tabor

Members’
Deputy Chair

– nominated by
members of Lantra



Maurice Alston

– nominated by
pensioner members
of the Closed Fund



Peter Austin

– nominated by
pensioner and
deferred members
of the Open Fund



**Richard
Capewell**

- nominated by
Lantra



John Dearden

- nominated by
RTITB



**Terry Lazenby,
MBE**

- nominated by
ECITB



David Lewis

- nominated by
members of ECITB



**Martin
McManus**

- nominated by
members of Cogent
Skills, RTITB and
SECTT



**Peter
Rogerson, OBE**

- nominated by
CITB



**Marie
Rowlands**

- nominated
by members of
Enginuity



Peter Sparkes

- nominated by
members of CITB



Joanna Woolf

- nominated by
Cogent Skills

Funding Update

CLOSED DEFINED BENEFIT FUND

There has been no more recent valuation of the Closed Fund since the previous newsletter issued in December 2022. You will remember that all the future pensions in the Closed DB Fund are insured with an insurance company. The valuation shows the value of the other assets in excess of the insurance policy and compares that to potential future costs. The last valuation at 31 March 2022 showed that the assets were valued at £76m, whereas all the provisions for future costs were valued at £34m. The next valuation at 31 March 2023 will be completed later this year and reported in the next Newsletter.

OPEN FUND DEFINED BENEFIT SECTION

A comprehensive three-yearly valuation of the Open Fund DB Section at March 2022 was completed in March 2023. This valuation is done to see if the Fund continues to have sufficient assets to pay the promised pensions. The valuation showed that the assets were valued at £544m, whereas all the pensions to be paid in future were valued at £519m. This result represents a 105% funding level. The way assets are invested is shown in the Statement of Investment Principles which is on the Funds' website www.itb-online.co.uk. As the Fund is in surplus no further contributions from the employers were necessary for the time being.



Open Fund DB Section Valuation



The previous three-yearly valuation at March 2019 showed a funding level of 104%, so the level at March 2022 was slightly higher but very similar. The slight increase in surplus was due to a number of factors each having a small positive impact, for example a change in population longevity experience changed the assumption about longevity expectations of members in a way that was positive for the funding level. The next valuation at March 2023 will be completed later this year and will be reported to members in the next Newsletter.

OPEN FUND DEFINED CONTRIBUTION SECTION

Information about your own account can be viewed on the L&G My Account website www.legalandgeneral.com/existing-customers/my-account-login and the L&G App “Coll8”. If you have not yet registered for this website and App you are very much encouraged to do so, as they contain an up-to-date valuation of your pension pot and lots of information about your investments and options.

Recent performance of the main DC funds is shown in the table below. You can look up your own fund performance on the L&G website using the link above. The Default Fund growth phase performance is shown as 93% of members making contributions are invested in this fund. The growth phase is the way the fund is invested if you are 15 or more years from retirement. If you are nearer retirement the Default Fund automatically switches

investments to progressively lower risk funds from 15 years before retirement to help lock in earlier returns.

DC Fund Performance to 31 March 2023	1 Year	5 Years (pa)
Default Fund growth phase	-6.3	6.0
Equity Fund (Unhedged)	-4.7	11.7*
Equity Fund (Hedged)	-9.2	11.7*
Multi Asset Fund	-5.5	3.9

*As we changed to a new equity fund in July 2021 the long-term performance is for the previous equity fund, which is still available as a self-select fund.

You will probably be aware that investment markets have been volatile recently. This is shown in the annual performance of funds above. However, you can also see that over a longer period of time returns are better. The chart shows that, on average, members in the growth phase of the Default Fund have received 6% return each year for the last five years.

The Trustees remind DC members that the level of contributions is a key factor in determining the overall size of your pension fund and that investing in a pension is a long-term undertaking – the more you put in the more you should get out. You can consider paying extra contributions – called Additional Voluntary Contributions (AVCs) – into your DC pension by contacting your employer’s payroll department.

On the L&G My Account website there is a Retirement Living Standards Tool that illustrates how much you may need to live on in retirement assuming different levels of living standard and a Retirement Planner that shows how much your pension could be when you retire. These can get you thinking about if your current pension will be enough for you when you retire. Perhaps review this each year using tools such as Money Helper.

Please see the section about supporting DC savers in the current economic climate later in this Newsletter.

Supporting DC savers

IN THE CURRENT ECONOMIC CLIMATE

In January 2023 The Pensions Regulator issued guidance to pension schemes to help them check if they were doing everything they could to support DC pension members in the current economic climate. You will know that inflation is persistently high and borrowing rates are high, both affecting household budgets, and the stock market has been volatile. This all means that DC pension savers may consider putting less aside in pension savings to help meet other rising costs.

In support of DC members the ITB Pension Funds are acting in the following areas:

- The investments offered are being reviewed later in 2023 as part of a regular check of the investment strategy to make sure the funds offered suit the scheme membership profile. More news about this review will follow in the New Year.
- The Trustees are reminding members to seek independent financial advice when making decisions about their pension and to take a long-term perspective on pension saving. Below is information about financial guidance for making pension decisions.

By law, ITB Pension Funds cannot give you advice about your pension. If you are thinking about making any changes to your pension arrangements, or transferring your pension benefits out of the Funds, it is important you obtain independent financial advice before taking any action. You can find an independent financial adviser at www.unbiased.co.uk.

In addition, the following sites provide useful information:

Moneyhelper.org.uk

The MoneyHelper website is designed to help make your money and pension choices clearer and has brought together the support and services of three government backed financial advice providers (Money Advice Service, the Pensions Advisory Service and PensionWise).

fca.org.uk/scamsmart

The Financial Conduct Authority's ScamSmart website provides lots of useful information about how to spot a scam, how to check that what you are being offered is legitimate, and many other useful resources.

Asset Stewardship

In the December 2022 Newsletter there was a section about how the Trustees are protecting the Funds from the risks posed by climate change. Further to this, regulations have come out about how the Trustees should enhance stewardship of the Funds' assets. Asset stewardship can be defined as the responsible allocation, management and oversight of assets to create long-term value for beneficiaries leading to sustainable benefits for the economy, the environment and society. Stewardship activities are voting on shares and engagement with companies invested in through by the Funds, including DC members funds.

The Trustees have selected three stewardship priorities which will form a focus of the Funds' stewardship activities in future. The three priorities are **Climate Change**, **Executive Pay** and **Equality, Diversity & Inclusion**. The Funds' investment managers will now report to the Trustees regularly on how they are voting on shares and engaging with companies in relation to these priorities to help ensure the value of assets is not being affected by these issues. In turn, the Trustees will report on voting and engagement on these priorities to members in the Statement of Investment Principles Implementation Statement, which is included in the Trustee's Annual Report & Accounts. The Annual Report & Accounts is posted on the Funds' website – www.itb-online.co.uk.

THREE STEWARDSHIP PRIORITIES

CLIMATE
CHANGE



EXECUTIVE
PAY



EQUALITY,
DIVERSITY &
INCLUSION



Members' Q&As

In the last few months pension awareness events have been hosted by Trustees at some of the employers that participate in the ITB Pension Funds. The events were popular and were an opportunity for members to ask questions about the Funds. For the benefit of all members, summarised below are some of the more frequently asked questions with answers.

Q1 How do I change the funds my DC pension is invested in?

This can be done on the L&G My Account website at www.legalandgeneral.com/existing-customers/my-account-login. If you are considering changing the way your pension is invested consider consulting an independent financial adviser.

Q2 Is there a limit to the amount you can contribute through Additional Voluntary Contributions (AVCs)?

There is an Annual Allowance limit of £60,000 to the amount you can contribute to all your pension arrangements each year.

There are extra rules for high earners with “adjusted income” in excess of £260,000. If you are considering contributing AVCs to your DC pension please contact your employer’s payroll department to set up the additional contributions that will be deducted from your salary.

Q3 Why do I not receive Annual Benefit Statements anymore?

The current legal requirement for all pension schemes is to send Annual Benefit Statements to members that are currently making contributions (i.e. active members) and only for the pension they are making contributions

to. In the Funds case this means Annual Benefit Statements are sent by the administrator L&G to all active DC members for their DC pension. Therefore, you will not receive an Annual Benefit Statement for a DB pension or for a DC pension if you are no longer making contributions. However, members are welcome to request a DB pension valuation from the ITB Pension Funds Office by using the contact details at the end of this Newsletter.

Q4 What life assurance cover is included in my pension?

If you are an active DC member you will have life assurance cover as part of being an active member of the Funds. This is paid for by your employer. The level of cover is a multiple of annual salary and is set by your employer. If you are unsure of the level of cover please contact your employers HR department.

Q5 How can I check who I nominated as beneficiary if I die and how do I change it?

Please contact the ITB Pension Funds Office by using the contact details at the end of this newsletter.

Q6 Who contacts me when I retire and what are my options?

Retirement packs are sent to DB members by the ITB Funds Office 3 months prior to retirement date. Retirement packs are sent to DC members by L&G 4 months before retirement date and also there is a reminder sent by L&G 8 weeks before your retirement date. The retirement packs explain the options about what to do with your pension and how to make these choices. There is a lot of information for DC members about options on the L&G website. Please note that DC members do not have to buy a pension with L&G. It is recommended that you take independent financial advice about what to do with your pension when you retire.

Budget Announcements

In its March 2023 budget, the government announced a number of changes that affect pension tax allowances, including the changes set out below. You can find more details at:

www.gov.uk/government/publications/abolition-of-lifetime-allowance-and-increases-to-pension-tax-limits/pension-tax-limits

LIFETIME ALLOWANCE (LTA)

The LTA is the amount that you can save in total to all your pensions without incurring a tax charge. From 6 April 2023, the LTA tax charge has been removed and from 6 April 2024, the LTA will be entirely abolished.

ANNUAL ALLOWANCE (AA)

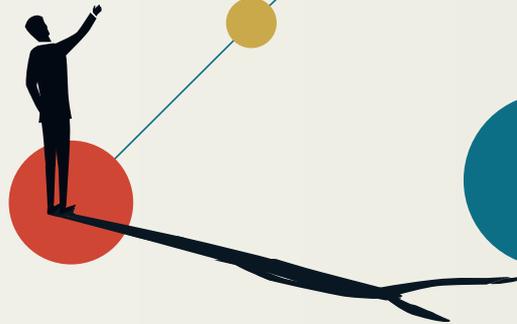
The AA is a restriction on the amount of benefit value you can build up tax-efficiently in all your pension arrangements each year. The AA increased from £40,000 to £60,000 on 6 April 2023. The tapered AA (the mechanism by which the standard AA is reduced for high earners) will now apply to individuals with “adjusted income” in excess of £260,000 (up from £240,000) and the minimum tapered AA will increase from £4,000 to £10,000.

MONEY PURCHASE ANNUAL ALLOWANCE (MPAA)

The MPAA will increase from £4,000 to £10,000, which makes it possible for those who have flexibly accessed DC savings to make higher levels of ongoing pension savings.

TAX FREE CASH

The maximum Pension Commencement Lump Sum (PCLS) is currently 25% of the value of your pension benefits at retirement with an upper cap of 25% of your available LTA at the time of taking the lump sum. There will be a new upper monetary cap of £268,275, being 25% of the current standard LTA. Those with protected rights to a higher PCLS (including through LTA protections like enhanced, primary or fixed protection) will retain that entitlement to a higher PCLS.



Update Us

Please use the contact details below to let us know of any changes of address or marital status.

We previously asked for email addresses so we can contact you that way.

We received many replies, thank you very much! We are in the process of recording all the email addresses and expect to use them in future to contact you more efficiently. Meanwhile we will continue to post this newsletter.

GET IN TOUCH

Please get in touch by email if you can.
If not, you can call or write to us.

 **Email us:** pensions@itbpen.com

 **Phone us:** 01923 226264

 **Write to us:** ITB Pension Funds,
23 King St, Watford,
Herts, WD18 OBJ

WEBSITES AND APP

You can also check the information available on the websites:

FOR ALL MEMBERS:

ITB Pension Funds: www.itb-online.co.uk

FOR DC MEMBERS:

L&G website: www.legalandgeneral.com/existing-customers/my-account-login

L&G App: Coll8