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DEFINED CONTRIBUTION NEWSLETTER

BAXI GROUP PENSION SCHEME

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# Introduction

## Welcome to the first Newsletter of 2023 for defined contribution members of the Baxi Group Pension Scheme.

As we turn the page on 2022, we reflect back on a turbulent year, which started with war in Eastern Europe, the cost of living crisis at home and then increasing inflation, which all led to high volatility for investment markets. In 2023 we will continue to monitor the Scheme's investments and work closely with our advisors on the most appropriate solutions for the Scheme.

We hope you find this newsletter useful and if you have any questions or comments, please do get in touch - you can contact the Scheme Administrator using the details on the back page.

**Chris Parrott**

On behalf of the Trustee of the Baxi Group Pension Scheme

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# WHAT DO RECENT ECONOMIC EVENTS MEAN FOR YOUR PENSION?

At the end of November we published an article which is available on the landing page of the Pension Portal ([www.mybaxipension.co.uk](http://www.mybaxipension.co.uk)), as well as within the News section on the Baxi website [www.baxipensions.co.uk/what-do-recent-economic-events-mean-for-your-pension/](http://www.baxipensions.co.uk/what-do-recent-economic-events-mean-for-your-pension/). We encourage you to read this as it reflects our position in respect of the turbulent past few months.

Please log in to the Pension Portal ([www.mybaxipension.co.uk](http://www.mybaxipension.co.uk)) to check where you are invested as well as to see an updated value of your pension.

We fully understand that the high inflation that we are seeing in the UK means that potentially some might be thinking about prioritising financial commitments. However, if you are considering opting out of the Scheme, please note that you may be losing out on other employer benefits. For more information please contact Human Resources at [hrss@baxi.co.uk](mailto:hrss@baxi.co.uk). Please consider carefully before making any decisions about your pension.

**Article** (23 November 2022):

Dear Members,

We are experiencing a rise in cost of living, and investment markets have been particularly volatile during 2022. The Trustee recognises that you may be concerned about what this means for you and your pension savings.

The Trustee continues to monitor markets closely with our investment managers and expert advisors, with the Russia-Ukraine crisis, rising energy prices, rising inflation and increases in interest rates leading to significant levels of disruption in markets. This means you may have seen the value of your savings move up and down by more than in previous years. For most members, pensions are a long-term investment and investments in the default investment strategy (the BGPS Drawdown Lifestyle) are still expected to provide good returns over the long-term. The default investment strategy is also designed to reduce your exposure to market volatility as you near retirement. Therefore, for most members, leaving your pension savings invested for the long-term is likely to be a good approach.

However, the Trustee cannot know what is right for you on an individual basis. You may wish to speak to an independent financial advisor before making any important decisions. You can find one in your area at [www.unbiased.co.uk](http://www.unbiased.co.uk).

In the meantime, please take the time to review where you are invested, and let us know when you are planning to retire. You can do so on the Pension Portal at [www.mybaxipension.co.uk](http://www.mybaxipension.co.uk). You can find more general information about the Baxi Group Pension Scheme by exploring the other tabs of the Scheme website [www.baxipensions.co.uk](http://www.baxipensions.co.uk). If you have any questions, please speak to the Scheme Administrator by emailing [baxipensions@buck.com](mailto:baxipensions@buck.com) or by calling **0330 123 9581**.

The Trustee will continue to monitor investment markets and progress towards members' long-term goals closely.

Best wishes,

**The Trustee of the Baxi Group Pension Scheme**

# TRUSTEE BOARD ANNOUNCEMENTS



Phil Lowton

It is with a heavy heart that we announce that Phil Lowton has passed away in October 2022. Phil was a dedicated Trustee Director and had been on the Board for 6 years. He was a member of the DC Sub-Committee and took an active interest in the DC Section of the Scheme.

We are grateful to Phil for all his hard work and contributions to the Board over the years. We send our heartfelt condolences to his wife and children.



Chris Parrott

Mark Taylor, from BESTrustees plc, has now retired from the Trustee Board. He is replaced by Chris Parrott, also from BESTrustees plc, who has taken over Mark's role as Chair of the Trustee. Chris has got extensive pensions experience and we are pleased to have him join the Board! You can read about Chris' bio at <https://www.bestrustees.co.uk/our-team/chris-parrott>.

We thank Mark for his service on the Board, are excited to welcome Chris and we look forward to working together.

# YOUR ONLINE EXPERIENCE

Have you recently checked?

<p>The value of your pension?</p>	<p>You can check all these on the <b>Pension Portal</b> at <a href="http://www.mybaxipension.co.uk">www.mybaxipension.co.uk</a>.</p>
<p>That we have your correct personal details on our record?</p>	<p>Please register if you have not done so already. If you have any queries about the website or its content, please contact Buck, the Scheme Administrators whose details are set out at the end of this newsletter.</p>
<p>That your target retirement is indeed when you expect to retire? (if you've never expressed a preference, this will automatically be age 65)</p>	
<p>That your expression of wish form is up to date?</p>	
<p>Learned more information about your pension?</p>	<p>The Scheme website <a href="http://www.baxipensions.co.uk">www.baxipensions.co.uk</a> includes important information that can help you better understand your pension.</p> <p>The 'Guidance &amp; Education' page includes links to useful pensions videos and a glossary to help explain any pensions jargon.</p>

## EXPRESSION OF WISH FORM

In the event of your death before retirement, benefits will normally be payable to your close family or dependants. With this in mind, it's important that you complete an expression of wish form - this is a form for you to nominate beneficiaries. It tells the Trustee who you wish to receive any benefits payable on your death. The Trustee will not be bound by your expression of wish form, but will always take it into account when making its decision. You can complete, or update, your expression of wish form online on the Pension Portal.



# INVESTMENT OPTIONS

As a member of the Baxi Group Pension Scheme you have plenty of options when it comes to investing your pension.

If you have never made a decision on how your pension is invested, you will most likely be invested in the default arrangement, the BGPS Drawdown Lifestyle. This assumes you will utilise a Flexi-Access Drawdown (FAD) arrangement when you retire, after you take 25% of your pension as tax-free cash.

If you think you are likely to purchase an annuity instead (this is a guaranteed regular pension, paid to you for life) or simply take all of your benefits as cash, the BGPS Annuity Lifestyle and BGPS Cash Lifestyle are offered as alternatives. All three lifestyle strategies are very similar in the growth and consolidation phases, but then deviate when members are getting closer to retirement.

If you would prefer to pick your own investments, there are a range of funds offered within the Self-Select options. There are 15 funds available for you to choose from, ranging from investments which are considered higher-risk (such as equities) to investments which are considered lower-risk (such as government bonds).

You can find out everything you need to know about investing with the Scheme at [www.baxipensions.co.uk/your-investment/](http://www.baxipensions.co.uk/your-investment/).

If you haven't made a choice, you would automatically be put into



But have you considered your other investment options?



Please note that the value of funds can go down as well as up, and that where past performance figures are quoted, these are not a guide to the future performance of a fund. We cannot know what is right for you on an individual basis. We recommend that you consider speaking to a financial adviser to help you make any decisions regarding your pension arrangements. You will be charged a fee for this service.

# RESPONSIBLE INVESTMENT CONSIDERATIONS

Responsible Investment is a key topic in the news nowadays. Just in November 2022, the 27th Conference of the Parties (COP27) to the United Nations Framework Convention on Climate Change took place in Egypt.

## REMINDER: WHAT IS RESPONSIBLE INVESTMENT?

It is all related to how the money you save is being used to make the world a better place. More than half of the money invested in companies around the world is pension money. This means that investment managers, trustees and pension scheme members can have real influence on whether to invest ethically and in a sustainable and environmentally friendly way.

Your contributions may be invested in company shares and how these companies behave in relation to Responsible Investment and climate change will have an impact on the returns from their shares, and hence your pension.

We consider Responsible Investment closely and liaise with the investment managers regularly to ensure that we meet our Trustee obligations. This year we have prepared our second Implementation Statement, as at 31 March 2022. This is a document stating how we have met the principles and objectives we have set for the Baxi Group Pension Scheme, in the Statement of Investment Principles. This also includes how environmental, social and governance (ESG) considerations, as well as climate change, are taken into account when selecting, retaining and realising investments.

A photograph showing a woman with dark hair and glasses, wearing a dark red cardigan, looking down at a document. A young child with light brown hair, wearing a yellow sweater, is sitting next to her, also looking at the document. The woman is holding a blue pen. The background is slightly blurred, suggesting an office or home workspace.

You can find the latest Implementation Statement, as well as the Statement of Investment Principles, at [www.baxipensions.co.uk/downloads](http://www.baxipensions.co.uk/downloads)



## WHAT DO THE INVESTMENT MANAGERS DO?

These are a few of the ways in which the managers consider ESG issues in making and monitoring investments:

- Voting on ESG and climate-related issues within resolutions for the companies in which they invest. A few significant resolutions and how Legal & General Investment Management voted over the year to 31 March 2022 can be found on the last two pages of the Implementation Statement.
- Looking at which companies in a portfolio do not meet ESG standards, and how the managers are engaging with these companies. The managers can either actively engage with companies to encourage them to change their practices, invest less in them or disinvest from them completely.
  - Some examples of practices which do not meet ESG standards include highly polluting activities, poor working conditions for employees, inefficient Board management.
- Some sectors and countries may be more likely to have lower ESG standards (for instance, the tobacco industry or countries with poor human rights records). The investment managers may actively choose to invest less in these sectors and countries, or avoid them completely!
- The Trustee Directors have made a specific fund available to members (the BGPS Future World Fund) in which the manager actively engages with companies in relation to reducing carbon emissions. This is one of the self-select investment options.

### Do you know who the investment managers of the DC section of the Scheme are?

	Investment managers:
Lifestyles and self-select funds	Legal & General Investment Management (for most funds) Insight (for the BGPS Diversified Growth Fund) Columbia Threadneedle (for the BGPS Property Fund) HSBC (for the BGPS Islamic Equity Fund)
Legacy AVCs	Clerical Medical Phoenix Life Scottish Friendly

### What do we do?

- Monitor the managers' activity on an ongoing basis, including their voting activity.
- Monitor the funds' ESG ratings on a quarterly basis. These are recommended by Mercer, the Scheme's investment advisers.
- Consider ESG as part of every investment strategy review. We considered this at the last review in September 2021.
- Offer the BGPS Future World Fund as part of the self-select options. This fund incorporates ESG principles within its strategy. If you wish to know more about this fund, you can find its factsheet at [www.baxipensions.co.uk/your-investment/](http://www.baxipensions.co.uk/your-investment/) in the Self-Select Options section.

# GOVERNMENT ANNOUNCEMENTS ON PENSIONS

Pensions have been in the news quite a lot in the past few months, and were also a key part of the Government's Autumn statement. Here are a few highlights which may be of interest to you:

## STATE PENSION

The government confirmed that the new State Pension would increase by 10.1% over 2023/24, in line with the rate of inflation (measured by the Consumer Price Index inflation over the year to September 2022). This means the State Pension 'triple lock' will be maintained. This is the government's pledge to raise the state pension by whichever is the highest out of the rate of inflation, average wage growth and 2.5%.

## TAXATION

The threshold for the additional income tax rate of 45% will be reduced from £150,000 to £125,140 from April 2023.

No change was announced in respect of the Lifetime Allowance, which is frozen at £1,073,100 until the 2025/26 tax year. As a reminder, if the value of your benefits exceeds this amount when you retire or access your pensions, then you will be liable for tax charges on the amount in excess of the Lifetime Allowance limit.

## HELP WITH COST OF LIVING

In 2023/24, all pensioner households will receive a cost of living one-off payment of £300. This is in addition to the payments that are to be made to households on means-tested benefits (£900) and people on disability-related benefits (£150).

# THE CHAIR'S STATEMENT

Every year, the Chair of the Trustee prepares the Chair's Statement - a document explaining how the Trustee is looking after your benefits, how the Scheme investments are doing and what the Trustee's plans are for the coming Scheme year. The Chair's Statement also includes a summary of the annual Value for Members assessment - which is what the Trustee does every year to check if you get good value from the Scheme.

We communicate the release of the Chair's Statement in the newsletter every year, to ensure that members are aware and get a chance to read it.

You can read the most recent Chair's Statement, which covers the 12 months to 31 March 2022 at [www.baxipensions.co.uk/downloads](http://www.baxipensions.co.uk/downloads). This Statement shows that the Trustee assessed the Scheme as offering 'Good' value for members. The Statement has a summary at the start, which aims to show you the headlines. Please do give it a read and get in touch if you have any queries.

# BEWARE OF SCAMS!

As always, we encourage you to remain vigilant and watch out for pension scams. The cost of living crisis and economic volatility have provided additional opportunities for scammers to try to trick people out of their pension savings. We re-iterate our top tips for spotting a scam. You can also check whether you are dealing with a legitimate firm by visiting the **FCA Scam Smart** website [www.fca.org.uk/scamsmart/how-avoid-pension-scams](http://www.fca.org.uk/scamsmart/how-avoid-pension-scams)

If you have any concerns, please contact the Scheme Administrator using the details on the back page.

## USEFUL WEBSITES AND CONTACT DETAILS

There is a wealth of information available online to help you better understand your pension, including:

### THE PENSION PORTAL:

[www.mybaxipension.co.uk](http://www.mybaxipension.co.uk) which allows you to conveniently manage your pension and access all relevant documents and information which is personal to you.

### THE BAXI WEBSITE:

[www.baxipensions.co.uk](http://www.baxipensions.co.uk) which provides information about the different investment funds available, contribution rates and retirement options. The site also includes a number of booklets and guides to help with your understanding of benefits under the Baxi Group Pension Scheme.

Remember the distinction between **your personal site** (the Pension Portal) and **the public site** (the Baxi website)!



## 5 TIPS FOR SPOTTING A SCAM

- 1 Cold callers or unsolicited emails asking you to provide personal details or financial details - your pension scheme or Scheme Administrator would never do this
- 2 Requests to share personal or financial details when receiving an unsolicited call
- 3 Promises of high returns, a free pensions review, being able to access your pension early
- 4 Requests to take immediate action/urgency
- 5 Suspicious emails (*generic salutation, spelling mistakes, email address looks wrong*)

### OTHER RELEVANT WEBSITES:

[www.gov.uk](http://www.gov.uk) for Government information and public services.

[www.maps.org.uk](http://www.maps.org.uk) - The Money and Pensions Service (MaPS) is the Government's free information service for anyone who would like help with financial planning and pensions. It brings together Pension Wise, the Pensions Advisory Service and the Money Advice Service.

[www.moneyhelper.org.uk/en](http://www.moneyhelper.org.uk/en) for free and independent guidance on your pension.

[www.unbiased.co.uk](http://www.unbiased.co.uk) if you need to find an independent financial adviser in your local area.

For queries relating to individual benefits or changes in personal details, such as name or address, please contact the Scheme Administrator at:

Baxi Group Pension Scheme, Buck,  
PO Box 319, Mitcheldean, GL14 9BF

Phone: **0330 123 9581**

Email: [baxipensions@buck.com](mailto:baxipensions@buck.com)

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