

know your pension

For members of the Defined Benefit (DB) Section of the
FDR Limited Pension Scheme (the Scheme)

YOUR PENSION HEADLINES:

DB Section assets
valued at £560
million at April 2016
.....

Pension news
.....

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Important
information about
pension increases
.....

Trustee news
.....

Contact us

Welcome to the 2017 edition of Know Your Pension specifically for members of the DB Section of the Scheme.

It contains all the information you need to know on how the Section has been managed during the Scheme year ending 31 March 2016, as well as the latest pension news.


The Trustees have now finalised the actuarial valuation of the Scheme as at 31 March 2016 which shows that the Scheme is now 99% funded on an ongoing basis. Details can be found in the summary funding statement.

This year's newsletter also includes further updated information about pension increases and member-nominated Trustees.

Why not spend a few minutes getting to know your pension a bit better?

We hope that you find this newsletter informative; however, if you have any questions about your pension benefits in the DB Section or any of the matters raised in this newsletter, please contact us using the details on the back page.

The Trustees



Sign up for future
newsletters by email!
See page 11 for details.

➤ Facts and figures

Accounts

Below are the details of the DB Section's income and expenditure for the year ended 31 March 2016 and 31 March 2015:

	2015/16 (£)	2014/15 (£)
▲ Fund value at 1 April	564,359,878	471,661,115
▲ Income		
Employer's normal contributions	88,559	97,490
Employer's other contributions	51,651	40,470
Employer's deficiency contributions	5,000,000	5,000,000
Members' normal contributions	-	-
Members' additional voluntary contributions	-	-
Other income	-	3,500
TOTAL INCOME	5,140,210	5,141,460
▲ Expenditure		
Benefits	(12,848,524)	(11,399,642)
Benefits payable on account of leavers	(4,830,372)	(2,016,186)
Administration expenses	(801,489)	(827,876)
Other payments	-	-
TOTAL EXPENDITURE	(18,480,385)	(14,243,704)
▲ Investments		
Investment income	11,060,515	7,302,607
Change in market value of investments	1,321,915	95,759,601
Investment management expenses	(959,240)	(1,261,201)
▲ Net investment gain / loss during the year	11,423,190	99,801,007
▲ Fund value at 31 March	562,442,893	564,359,878



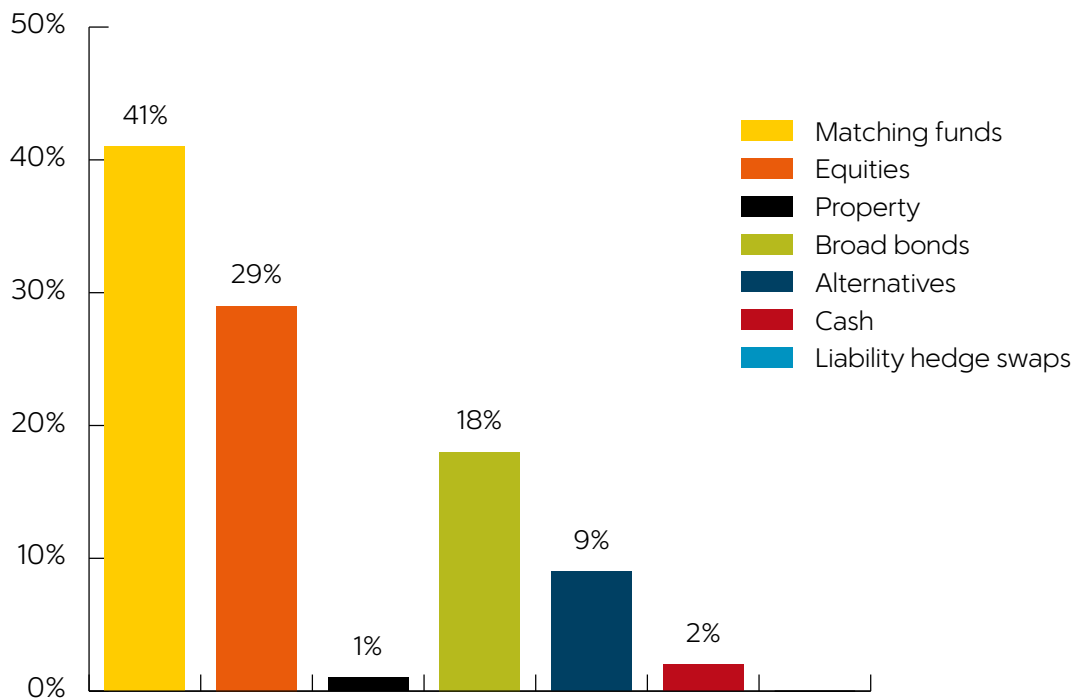
DB investment strategy

The DB investments are managed by P-Solve as fiduciary managers for the entire DB investment portfolio.

The investments aim to be invested in a 40%/60% split of matching and investment funds, respectively. As at 31 March 2016, the actual split was 41% matching funds and 59% investment funds, and varies from day to day based on market conditions.

The investment fund consists of a range of assets including equities, property, bonds, commodities, alternatives, cash and liability hedge swaps. The funds are diversified across a wide range of underlying funds with a range of different investment managers. The Trustees have agreed a tolerance range with P-Solve for each asset type.

The DB Section's spread of investments at 31 March 2016 is shown below:



› Facts and figures (continued)

Investment performance

The objective of the matching fund is to meet the returns used to value the Scheme's liabilities (future benefit payments). This is broadly the equivalent to the return on UK Government bonds.

The objective of the investment fund is to outperform the returns used to value the Scheme's liabilities by 3% per annum over a rolling 3 year period.

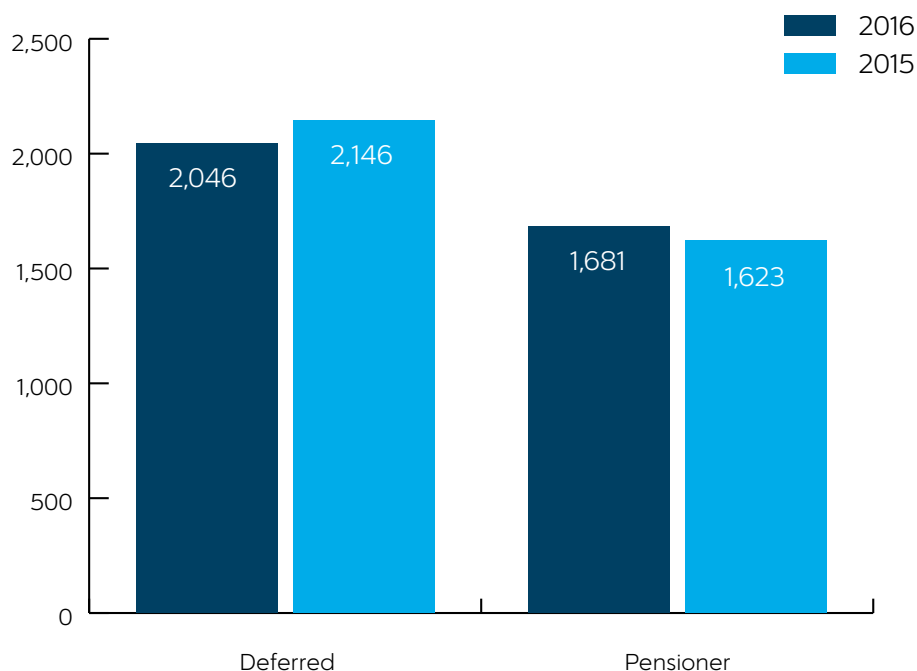
These two funds combined (40% matching and 60% investment) have an overall objective to outperform the returns used to value the Scheme's liabilities by 1.8% per annum over a rolling 3 year period.

Over the 12 months ending 31 March 2016 the matching fund returned 2.7% in line with its objective of 2.7%. The investment fund returned 1.7% compared to an objective of 5.7%. The two funds combined returned 2.1% compared to an objective of 4.5%

The Trustees continue to monitor the returns on the funds on a regular basis.

Membership

The chart below shows membership of the DB Section of the Scheme at 31 March 2016. Figures from 2015 have been included for comparison. After the closure of the DB Section on 30 June 2009, there are no active members, only deferred and pensioner members.



› 2016 Summary Funding Statement

The Trustees are required by law to give members of the DB Section of the Scheme a Summary Funding Statement following each actuarial valuation or actuarial report on funding, which covers specific aspects of the Scheme's current funding position. This is a Summary Funding Statement for 2016, which provides members with the latest information on the Scheme's funding position. The statement is based on the triennial actuarial valuation report recently received by the Trustees setting out the funding position as at 31 March 2016.

The Summary Funding Statement provided last year set out the results of the 2015 actuarial report for the Scheme.

How the FDR Limited Pension Scheme works

A DB scheme operates with a single common fund for investments into which all contributions are paid and from which all benefits are payable. The Trustees obtain an actuarial valuation of the Scheme at least once every three years from an independent actuary which has two main purposes:

1. To compare the value of the benefits already earned by members in the Scheme with the assets built up from contributions and past investment returns; and
2. To determine the level of contributions required to meet future benefit payments taking into account the result of 1.



2016 Summary Funding Statement (continued)

Actuarial valuation as at 31 March 2016

The actuarial valuation as at 31 March 2016 was recently completed. The result of the valuation for the Scheme was:

Total value of the benefits earned	£565m
Market value of the assets held	£560m
Shortfall	£5m
Funding level (assets/value of benefits)	99%

These figures only relate to the DB Section and exclude AVCs which are separately invested.

The funding level improved from 90% as at 31 March 2015 to 99% as at 31 March 2016 as a result of:

- Deficiency contributions paid by the Employer;
- Investment returns on the assets;
- Changes to the assumptions used to value the benefits earned, in particular allowing for the latest information on life expectancy.

Actuarial valuation as at 31 March 2013

As a reminder, the last actuarial valuation was completed at 31 March 2013. The result of that valuation for the Scheme was:

Total value of the benefits earned	£554m
Market value of the assets held	£473m
Shortfall	£81m
Funding level (assets/value of benefits)	85%

These figures include AVCs and DC Section benefits of £25m.



2016 Summary Funding Statement (continued)

What is our recovery plan?

The valuation shortfall of £5 million is expected to be met by deficiency contributions. The deficiency contributions payable this Scheme year (April 2016 to March 2017) are £5 million which is expected to result in the Scheme being fully funded on an ongoing basis. The Scheme will continue to rely on investment returns to maintain the funding level. The Company has agreed that in the event the funding level falls back below 95% the deficiency contributions of £5 million per annum will recommence until the funding position improves.

As the Scheme is closed, the Employer and members do not pay contributions in respect of future accruals, but the Employer continues to pay the cost of enhanced benefits for employed members on death in service in addition to the deficiency contributions.

The next actuarial valuation is due as at 31 March 2019.

Investment strategy

At 31 March 2016, the Scheme had a strategic allocation of 60% of its assets to an investment fund and 40% of its assets to a matching fund to achieve its overall target return.

A breakdown of the asset classes at 31 March 2016 is set out on page 3.

Since the valuation date the Trustees have reduced the investment fund allocation to 40% and increased the matching fund allocation to 60%. The Trustees are continuing to keep the investment strategy under review, in consultation with FDR Limited.

Leaving the Scheme?

If you are considering leaving the Scheme as a result of the funding position you should seek advice from an independent financial adviser (IFA). To find an IFA in your area, visit www.unbiased.co.uk. Some advisers may charge for their advice so be sure to check with them first.

The importance of FDR Limited's support

FDR Limited continues to support the Scheme. This is important because the Scheme needs its support and contributions to make good the funding shortfall. Therefore, even if the funding level were to fall below 100%, benefits would continue to be paid in full. In addition, First Data Corporation provides a guarantee that FDR Limited will meet its obligations, subject to a guaranteed amount of up to £143 million.



➤ 2016 Summary Funding Statement (continued)

What would happen if the Scheme wound up?

The Trustees are also required by law to tell you what the financial position of the Scheme would be on wind up, even though FDR Limited has no intention of winding up the Scheme.

If the Scheme was wound up, FDR Limited would have to pay enough money into the Scheme to secure benefits with an insurance company. This would be more expensive than the value of benefits calculated in the valuation. This is because insurers have to take a very cautious view of the future and need to make a profit as well as maintaining a statutory solvency margin. By contrast, the Trustees' funding plan, which is in line with good practice and pensions law, assumes that FDR Limited will continue in business and support the Scheme.

At 31 March 2016, the Scheme's assets were estimated to be sufficient to provide around 66% of the money needed to secure benefits with an insurance company. However, if FDR Limited became insolvent then there may not be funds available to make up the assets to the full cost of securing benefits with an insurance company. The Trustees or the Pensions Regulator would then go to the Pension Protection Fund (PPF) to see if it might take over the Scheme and pay compensation to members.

The PPF does not provide full protection, so members may still see some reduction in their benefits if the PPF were to provide compensation. More information about the PPF compensation is available on its website at www.pensionprotectionfund.org.uk, or you can write to the PPF at:

Renaissance, 12 Dingwall Road
Croydon, Surrey
CR0 2NA

Summary of deficiency contributions payable by FDR Limited from 1 April 2016

FDR Limited paid deficiency contributions to the Scheme at £5 million per year in equal monthly instalments until 31 March 2017. If the funding level on an ongoing basis falls below 95%, further contributions will be payable.

Additional disclosure notes required by the Scheme Funding Regulations

No payments have been made or are due to be made from the Scheme to FDR Limited.

The Scheme has not been modified nor had any directions or a revised Schedule of Contributions imposed upon it by the Pensions Regulator.

More information about funding

If you would like a copy of the 2013 or 2016 actuarial valuations, please contact:

Andrew Smith, Secretary to the Trustees
FDR Limited Pension Scheme, c/o Capita
65 Gresham Street, London, EC2V 7NQ.

You may also request copies of the following documents amongst others: Schedule of Contributions, Recovery Plan, Statement of Funding Principles, Statement of Investment Principles.

It is important to inform the Trustees of any change of address or marital status. Please notify the Trustees of any changes using the contact details shown at the back of this newsletter.

Pension scams – an update

Pension and investment scams continue to be a threat in the UK. These can be offered in the form of free pension reviews, unrealistic investment returns or claims of loopholes etc. that could result in a person losing their life's savings and paying hefty fines to HM Revenue & Customs (HMRC). In an effort to curb the rise in pension scams the Chancellor of the Exchequer recently announced that the cold-calling of companies to sell pension products is to be banned.

This ban will also apply to legitimate pension companies so if you receive a call out of the blue from anyone wishing to sell you a pension product or asking you to investigate a transfer, you should refuse to take the call.

You can read more about pension scams, including what to look out for and what to do if you think you've been targeted, at www.thepensionsregulator.gov.uk/pension-scams

Money purchase annual allowance (MPAA)

The MPAA applies instead of the standard annual allowance when you have taken any of your pensions using the new flexibilities, such as taking your defined contribution (DC) funds as flexi-access drawdown, but you're still contributing to a DC scheme. The purpose of the MPAA is to prevent people benefiting twice from tax allowances.

The Government announced that the MPAA would reduce to £4,000 per annum from the 2017/18 tax year. However, this change did not take effect because of the general election. This may be reviewed once a new government is in place.

Don't forget about the website!

www.fdrlimitedpensionscheme.com/home/db is a great source of information about the Scheme, including documents about the Scheme, and past editions of this newsletter.

If you've received a paper copy of this newsletter you can also sign up to receive a digital copy instead, and help us reduce the amount of paper and resources we use.



➤ Pension news (continued)

Important information regarding pension increases

The following information is relevant to any pensioner or deferred member who joined the Scheme before 20 June 1991.

In previous newsletters we have told you about an ongoing court hearing which arose as a result of increases being incorrectly applied to pension earned in the Scheme before 20 June 1991.

The original hearing took place in July 2015, and a judgement was received in October 2015. However, the Company was granted leave to appeal and the case has recently been heard at the Court of Appeal and at the time of writing we are awaiting their judgement. When the matter is concluded we will let you know the final outcome.

As noted in the last edition of the newsletter, the term office for the member nominated trustees has been extended. Once the court case is finalised members will be invited to make nominations for the next term of office. The next nomination process will take place within six months of the case being resolved and implemented. We had indicated that this would be no later than two years after the expiry of the current term of office but given the complexity of the case we believe continuity is important so the process may take place later than this.

Trustee news

The Scheme is looked after by the Trustees, who take responsibility for managing the Scheme conscientiously and in the best interests of members and beneficiaries.

At 31 March 2016, the Trustees were:

Employer-nominated Trustees: Ty Miller, Keith Rowling, Annelyse Fournier

Member-nominated Trustees: Peter Motley, Carol Dutton

With effect from 13 December 2016, Dave Lawrence replaced Annelyse Fournier as an employer-nominated Trustee. From April 2017, Daniel Waller has replaced Dave Lawrence.

It is a legal requirement that at least one third of pension scheme trustees are member nominated.

To help with the day-to-day running of the Scheme, and to assist with technical matters, the Trustees make use of specialist advisers. The advisers that the Trustees employ are listed below:

Secretary to the Trustees:	Andrew Smith of Capita
Scheme actuary:	Jane Curtis FIA of Aon Hewitt (from 1 April 2016)
Scheme administrator:	Capita
Investment managers:	Legal & General Assurance (Pensions Management) Limited Schroders Investment Management Limited P-Solve
Employer covenant adviser:	Punter Southall
Investment consultant:	P-Solve Investments Limited
AVC providers:	Standard Life Assurance Society
Solicitors:	SNR Denton UK LLP
Auditor:	Ernst & Young LLP
Bankers:	National Westminster Bank Plc

› We're going online!

As you will already know, fdrlimitedpensionscheme.com/dc is the website for members of the FDR Limited Pension DC Section. Here you can find lots of information about the Scheme, including back editions of this newsletter.

Why are we going online?

We want to help reduce the amount of paper we waste, as well as the money we spend on print and postage, and to help us do this, we are planning to move as many of our Scheme communications online as possible over the next few years.

We are planning to stop printing the newsletter, but we aren't going to stop producing it. Instead we're going to create a digital version that we're going to host on the website in the useful documents page at www.fdrlimitedpensionscheme.com/home/db/important-documents

We'll use the website to regularly update our members about the Scheme and if there is any news about pensions or retirement that we think you need to know. We'll also email you to let you know about any changes, rather than waiting for the annual newsletter to be published. This means that you'll get updates when it's new news, rather than old news.

What do you need to do?

To help us make sure you get the news that's relevant to you, including when the newsletter is published, you can sign up for digital updates by submitting your details at www.fdrlimitedpensionscheme.com/home/db/sign-up

We'll only email you with information about the Scheme, and we won't pass your details on to anyone else.

We'd also welcome your feedback on the site, and whether there is anything you would like to see included on the site. You can find out how to contact us at www.fdrlimitedpensionscheme.com/home/db/contact-us



Help with questions or problems

If you have any comments or questions, or you are dissatisfied with anything to do with the Scheme, you should contact the Scheme administrator, Capita, whose details are below:

FDR Limited Pension Scheme

Capita
Hartshead House
2 Cutlers Gate
Sheffield
S4 7TL

Email at: fdr@capita.co.uk

Pensions helpline: 0345 604 5316

Or visit the website at: www.fdrlimitedpensionscheme.com/db

If you have any queries about the Scheme or your benefits, you can contact us using the details below:

The Pensions Advisory Service

11 Belgrave Road
London
SW1V 1RB

Pensions Helpline: 0345 601 2923

Website: www.pensionsadvisoryservice.org.uk

The Pensions Regulator

Napier House
Trafalgar Place
Brighton
BN1 4DW

Telephone: 0345 600 0707

Website: www.thepensionsregulator.gov.uk

The Office of the Pensions Ombudsman

11 Belgrave Road
London
SW1V 1RB

Telephone: 020 7630 2200

Fax: 020 7821 0065

E-mail: enquiries@pensionsombudsman.org.uk