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# Know your pension

**For members of the defined benefit (DB) section  
of the FDR Limited Pension Scheme (the Scheme)**

The Trustee Directors are pleased to issue the DB section's 2019 edition of the 'Know your pension' newsletter.

Inside you'll find all the regular news on the DB section such as the updated financial position and the Scheme's investment strategy, as well as the latest news from the world of pensions including an update on the Guaranteed Minimum Pension (GMP) equalisation ruling.

We hope that you find this newsletter interesting, 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 Trustee Directors**



# Facts and figures

## Accounts

Below are the details of the DB section's income and expenditure for the years ended 31 March 2017 and 31 March 2018:

	2016/17 (£)	2017/18 (£)
<b>Fund value at 1 April</b>	562,442,893	686,095,291
<b>Income</b>		
Employer's normal contributions	77,652	154,962
Employer's other contributions	29,810	-
Employer's deficiency contributions	5,000,000	-
Members' normal contributions	-	-
Members' additional voluntary contributions (AVCs)	-	-
Other income	-	-
<b>Total income</b>	<b>5,107,462</b>	<b>154,962</b>
<b>Expenditure</b>		
Benefits	(11,163,930)	(12,926,019)
Benefits payable in account of leavers	(7,273,769)	(27,277,265)
Administration expenses	(769,666)	(852,260)
Other payments	-	-
<b>Total expenditure</b>	<b>(19,207,365)</b>	<b>(41,055,544)</b>
<b>Investments</b>		
Investment income	11,430,292	10,313,204
Change in market value of investments	126,482,173	(3,807,292)
Investment management expenses	(587,360)	(1,007,066)
<b>Net investment gain/(loss) during the year</b>	<b>137,325,105</b>	<b>(35,401,736)</b>
<b>Transfer from DC section</b>	<b>427,196</b>	<b>116,951</b>
<b>Fund value at 31 March</b>	<b>686,095,291</b>	<b>650,810,506</b>

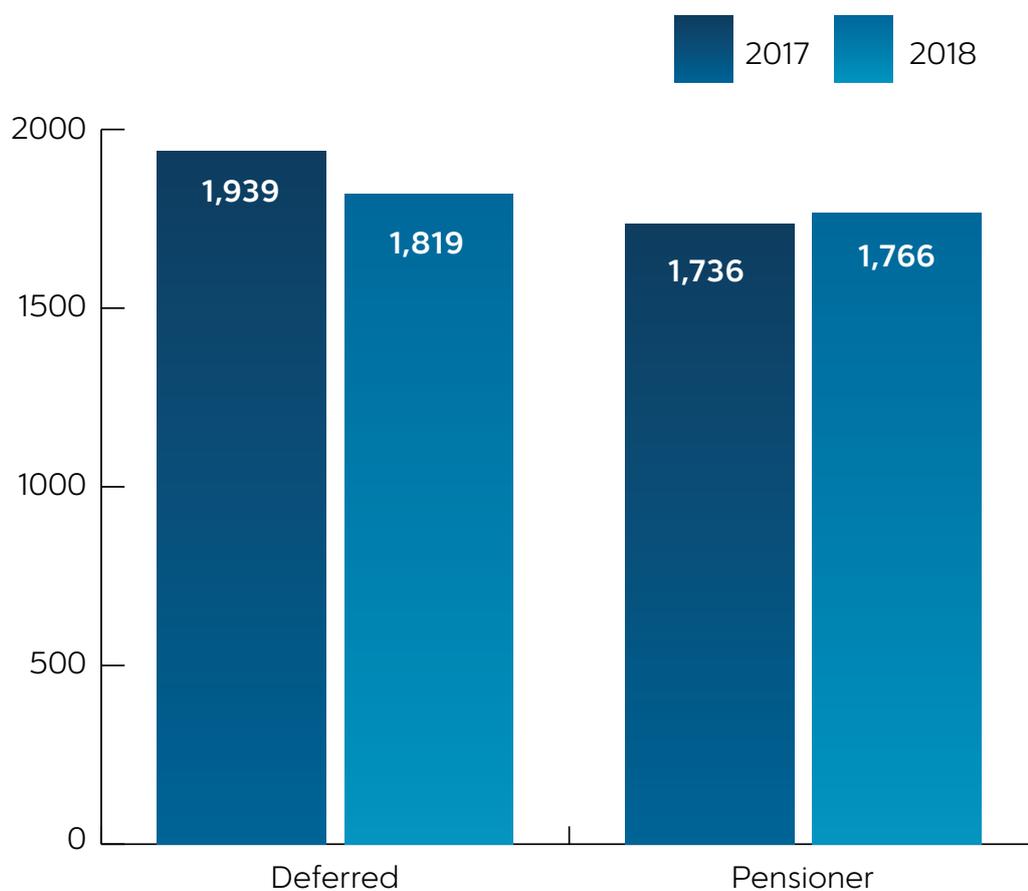
# Facts and figures (continued)

## Investment performance

Over the 12 months ending 31 March 2018 the total portfolio returned 0.8% compared to an objective of 2.6%. The Trustee continues 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 2018. Figures from 2017 have been included for comparison.



# 2018 Summary Funding Statement

The Trustee is required by law to give members of the DB section of the Scheme a Summary Funding Statement (SFS), following each actuarial valuation or actuarial report on funding, which covers specific aspects of the Scheme's current funding position. The SFS is based on the annual actuarial report recently received by the Trustee setting out the funding position as at 31 March 2018. This is the SFS for 2018, which provides members with the latest information on the Scheme's funding position.

The SFS provided last year set out the results of the 2017 annual 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 Trustee obtains 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 considering the result of the above.



# 2018 Summary Funding Statement (continued)

## Annual actuarial report as at 31 March 2018

The annual actuarial report as at 31 March 2018 was recently completed. The results for the Scheme were:

<b>Market value of the assets held</b>	<b>£649 million</b>
<b>Total value of the benefits earned</b>	<b>£619 million</b>
<b>Surplus/(deficit)</b>	<b>£30 million</b>
<b>Funding level (assets/value of benefits)</b>	<b>105%</b>

These figures only relate to the DB section and exclude additional voluntary contributions (AVCs) which are separately invested.

The funding level slightly worsened from 106% as at 31 March 2017 to 105% as at 31 March 2018. Both the assets and liabilities fell in value largely due to benefit payments out of the Scheme but the fall in the liabilities was slightly lower due to changes in financial conditions.

## Actuarial valuation as at 31 March 2016

As a reminder, the previous actuarial valuation was completed as at 31 March 2016. The results were:

<b>Market value of the assets held</b>	<b>£560 million</b>
<b>Total value of the benefits earned</b>	<b>£565 million</b>
<b>Surplus/(deficit)</b>	<b>£5 million</b>
<b>Funding level (assets/value of benefits)</b>	<b>99%</b>

## What is our recovery plan?

The valuation shortfall of £5 million was met by deficiency contributions. The deficiency contributions payable during the Scheme year from April 2016 to March 2017 were £5 million which resulted 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.

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.



# 2018 Summary Funding Statement (continued)

## Investment strategy

At 31 March 2016, the Scheme had a strategic allocation of 60% in growth assets (such as equities) and 40% in matching assets (such as government bonds) to achieve its overall target return.

Since the valuation date the Trustee has changed the asset allocation to 37.5% in growth assets, 55% in matching assets and 7.5% in company bonds. As part of this strategy, the Trustee aims to hedge interest rate and inflation risks. The Trustee is continuing to keep the investment strategy under review, in consultation with FDR Limited.

## What does this mean?

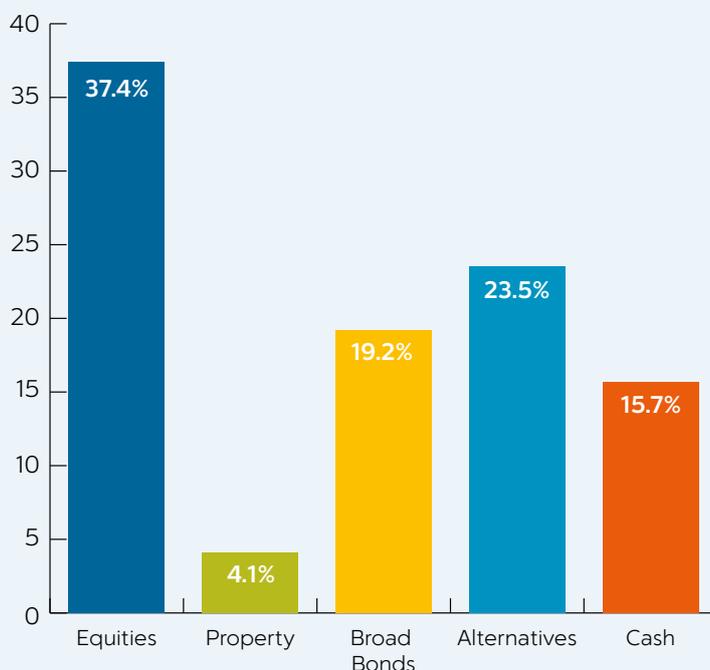
The DB investments are managed by River and Mercantile, but the Trustee still has ownership on the important decisions of the Scheme's investment management such as risk tolerance, objectives and risk allocations.

A matching fund is a portfolio of directly held gilts (when members lend money to the government) which look to keep in line with the value of the Scheme's future payments (liabilities) so that the Scheme has a degree of protection.

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

The investment fund is a group of assets which are expected to provide the Scheme with long-term growth. The types of fund included in this portfolio are equities, a mixture of bonds (high yield, international governments and emerging markets) as well as hedge funds and loans.

The DB section's spread of investments at 31 March 2018 is shown opposite:



## Thinking of 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 <https://register.fca.org.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 any funding shortfall that arises. 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.

# 2018 Summary Funding Statement (continued)

## What would happen if the Scheme wound up?

The Trustee is also required by law to tell you what the financial position of the Scheme would be on wind-up.

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 Trustee's 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 2018, the Scheme's assets were estimated to be sufficient to provide around 82% of the money needed to secure benefits with an insurance company. As at 31 March 2016 it was 66% and at 31 March 2017 it was 77%. 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 Trustee 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](http://www.pensionprotectionfund.org.uk), or you can write to the PPF at:

The Pension Protection Fund  
Renaissance  
12 Dingwall Road  
Croydon  
Surrey  
CR0 2NA

## 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.

## Need further information about funding?

If you would like a copy of the 2016 actuarial valuation documents or the 2018 annual actuarial report, please contact:

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

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

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

# Pension news and reminders

## State Pension age (SPA)

On 19 July 2017, the government announced plans to accelerate the changes that it is making to the SPA – the age at which you will be eligible to receive the State Pension. It was previously planned that the SPA would increase to age 68 by 2046.

Under current government plans, this date has now been brought forward to 2039 so that people who were born between 6 April 1970 and 5 April 1978 will now have to work approximately one year longer before they are entitled to their full State Pension.

To remind you:

- The current SPA is 65 for men born before 6 December 1953.
- From April 2010 the SPA for women has been gradually rising from 60 and increased to 65 in December 2018. This affects women born on or after 6 April 1950.
- From December 2018, the SPA for both men and women was increased to reach age 66 by October 2020. This affects women born on or after 6 April 1953 and men born on or after 6 December 1953.
- The SPA will further increase to 67 between 2034 and 2038 and, under current government plans, to 68 by 2039.

If you need any further information about the SPA or if you're unsure of what your SPA will be, why not visit: [www.gov.uk/state-pension-age](http://www.gov.uk/state-pension-age)

## The State Pension has increased!

The maximum basic State Pension has increased to £168.60 per week for the 2019/20 tax year. How much you receive is based on your National Insurance (NI) contribution history. For more information on the State Pension, and to check how much you might be entitled to, visit: [www.gov.uk/state-pension/eligibility](http://www.gov.uk/state-pension/eligibility)

## The new Money and Pensions Service

In January 2019, three existing providers of government-sponsored financial guidance merged to form the single financial guidance body which has now been named the Money and Pensions Service. You may already be familiar with the likes of the Money Advice Service, Pensions Advisory Service and Pension Wise who already deliver debt advice, money guidance and pensions information online.

Having the Money and Pensions Service is great news as it provides you with a 'one-stop shop' that houses everything in one place. You'll have access to various topics such as workplace pensions, day-to-day money management and overall financial education. Best of all, the information will be free and impartial for anyone that needs it.

The new body will work alongside the government and the FCA to ensure the information is regulated to protect you.

The Money and Pension Service's main aims are:

- To develop people's financial capability.
- To improve debt management among UK citizens.
- To provide financial education to children and young people.

When you are making important financial decisions, it is essential that you have easy access to the information before making an informed decision. You can visit <https://moneyandpensionservice.org.uk> for more information.

# Pension news and reminders (continued)

## Pension scams – cold calling ban

The government has now implemented the cold-calling ban. This means that unsolicited calls can only be made in relation to pensions where the callers are trustees or managers of an occupational scheme or are Financial Conduct Authority (FCA) regulated. The Information Commissioners Office (ICO) will enforce the ban and will have the power to fine offenders up to £500,000.

## Guaranteed Minimum Pension (GMP) equalisation

A recent court case ruling stated that GMP will need to be 'equalised' for men and women. So, what is GMP?

GMP is part of your benefits earned prior to 6 April 1997, so if you don't have service at FDR Limited prior to this date, then you won't be affected.

The Trustee and Company are working with their advisers to understand how this ruling affects the Scheme. This judgment is complex and deals with almost thirty years of uncertainty and we want to get this right. There is also the possibility of an appeal, and the government intends to publish further guidance. We expect the whole process will take time, but we will let you know more as we know it.

We will contact all affected members with details, but we are aware that you may have seen some coverage in the national press, and some of that has not been accurate. To help, we've answered some common questions below:

### Who does this effect?

The judgment only applies to members who were Scheme members between 17 May 1990 and 6 April 1997.

### How much money am I going to get?

We expect many individuals to see little or no increase in the value of benefits, and there are a few reasons for this:

- GMP often only makes up a small part of an individual's pension and so the amounts involved in addressing any inequality are likely to be small.
- Many members will receive no increase as they have not been disadvantaged by the way their benefits have been treated.
- Some members won't have benefits built up within the scheme between 17 May 1990 and 6 April 1997.

### Will I need to pay any of my pension back?

No. You will not have to pay back any pensions that you have already received. Equalisation requires an improvement to the benefits of members who have been disadvantaged – not the other way around.

### Why hasn't this already been dealt with?

The way that GMP works is set out in legislation and is very complicated. Over a number of years, the government has made suggestions as how to fix the issue, but it wasn't clear if any action was required or if the possible solutions would work. This court case confirms action is required and has made it clearer on what schemes can do to put things right.

**Please note, the Trustee considered the implications on trivial commutations and decided these would be suspended pending confirmation of the equalisation basis, except in the case of serious ill health.**

# Pension news and reminders (continued)

## Keeping the Scheme administrators informed

As a member of the Scheme you should keep the Scheme administrator, Capita informed of any changes in your circumstances. This enables them to contact you with information about your benefits and to make sure the correct benefits are paid.

In particular, you should keep them informed of any changes to the following:

- Name
- Marital status
- Home address
- Expression of wish form

Please inform them immediately if you change your address, even if you are not yet in receipt of any benefit as they want to keep in touch with you. You also need to let them know if there are other changes in your circumstances that could affect your benefits or where the records we hold for you need changing.

## What happens if I die?

In the event of your death it is important your next of kin notifies the Scheme administrator as soon as possible to avoid any overpayment of your pension. Any overpayment will need to be repaid to the Scheme. Please, therefore, make your next of kin aware of the contact details for the Scheme. These are shown on the back page of the newsletter.

If you are a member of the Scheme and not yet in receipt of your pension, or you have been receiving your pension for less than five years, a lump sum may be payable on your death.

It is therefore important that you have completed an expression of wish form and keep it up to date. The expression of wish form provides the Scheme with some guidance as to whom you would like to receive any lump sum benefits which may be payable in the event of your death. Blank forms can be obtained from the Scheme administrator or you can download one from the website at:

[www.fdrlimitedpensionscheme.com/home/db/important-documents](http://www.fdrlimitedpensionscheme.com/home/db/important-documents)

If you have been in receipt of your pension for more than five years no lump sum will be payable on your death and therefore an expression of wish form is not required.

## Trustee news

In February 2018, the structure of the Trustee Board changed from a group of individual Trustees to a single Trustee Company known as FDR Pension Scheme Trustee Limited. The Trustee Company has five Directors, two of whom are Member-Nominated. The former individual Trustees then became Directors of the Trustee Company.

The current directors are:

- Carol Carter
- Peter Motley
- Keith Rowling
- Dan Waller
- Mitch Bivona

Ryan Berry and Anish Mehta have served as Directors over the past year but have since resigned.

Both Peter and Carol were nominated for another term as Member-Nominated Trustees and we thank them for their continued work with the Trustee Company. We look forward to working with them and taking advantage of their knowledge and expertise. We would also like to thank all Scheme members for their participation throughout the nomination process.

## Trustee news (continued)

To assist with technical matters, the Trustee makes use of specialist advisers. The advisers that the Trustee employs are listed below:

<b>Secretary to the Trustee</b>	<b>Andrew Smith, Capita Employee Solutions</b>
<b>Scheme actuary</b>	<b>Jane Curtis FIA, Aon Hewitt Limited</b>
<b>Scheme administrator</b>	<b>Capita Employee Solutions</b>
<b>Investment managers</b>	<b>Legal &amp; General Assurance (Pensions Management) Limited</b> <b>River and Mercantile Solutions</b>
<b>Employer covenant adviser</b>	<b>XPS</b>
<b>Investment adviser</b>	<b>River and Mercantile Solutions</b>
<b>AVC provider</b>	<b>Standard Life Assurance Society</b>
<b>Solicitor</b>	<b>Eversheds Sutherland LLP</b>
<b>Auditor</b>	<b>Ernst &amp; Young LLP</b>
<b>Bankers</b>	<b>National Westminster Bank plc</b>

### Your website has had a makeover!

If you have a question which is related to your Scheme, go to [www.fdrlimitedpensionscheme.com](http://www.fdrlimitedpensionscheme.com) and click on 'I'm a member of the DB section'. Here, you will find information about the Scheme including important documents, how to plan for your retirement and contact details.

### What are the benefits of going online?

We want to reduce the amount of paper we use, as well as the money we spend on print and postage, and to help us do this, we're moving 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 will be hosted on the website in the useful documents page at: [www.fdrlimitedpensionscheme.com/home/db/important-documents](http://www.fdrlimitedpensionscheme.com/home/db/important-documents)

We'll use the website to regularly update you 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 quickly when news is current.

### What do I 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](http://www.fdrlimitedpensionscheme.com/home/db/sign-up). You'll only be emailed with information about the Scheme, and we won't pass your details on to anyone else.

We'd love to hear from you about the website or about the Scheme in general. Why not email us at: [fdrtrustees@capita.co.uk](mailto:fdrtrustees@capita.co.uk)



# We're here to help

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  
PO Box 555  
Stead House  
Darlington  
DL1 9YT

Email: [fdr@capita.co.uk](mailto:fdr@capita.co.uk)

Telephone: **0345 604 5316**

Website: [www.fdrlimitedpensionscheme.com/home/db](http://www.fdrlimitedpensionscheme.com/home/db)

If you're not satisfied with any response provided by Capita or the Company, you can contact the below third parties:

## **The Pensions Advisory Service**

11 Belgrave Road  
London  
SW1V 1RB

Telephone: **0800 0113 797**

Website: [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

## **The Pensions Regulator**

Napier House  
Trafalgar Place  
Brighton  
BN1 4DW

Telephone: **0345 600 1011**

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

## **The Office of the Pensions Ombudsman**

10 South Colonnade  
London  
E14 4PU

Telephone: **0800 917 4487**

Email: [enquiries@pensionsombudsman.org.uk](mailto:enquiries@pensionsombudsman.org.uk)

Website: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)