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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 is pleased to issue the DB section's 2022 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 pension news.

We hope 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 last page.

The Trustee



Facts and figures

Accounts

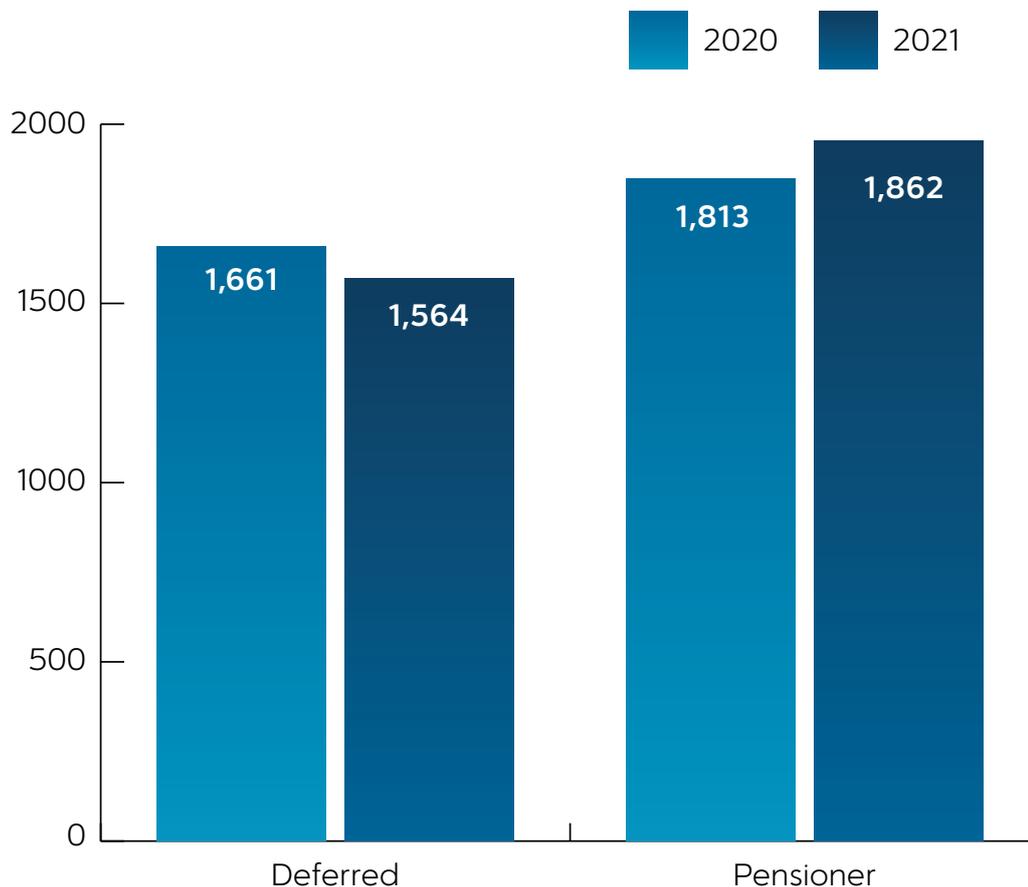
Below are the details of the DB section's income and expenditure for the years ending 31 March 2020 and 31 March 2021:

	2019/20 (£)	2020/21 (£)
Start of Scheme year	660,868,655	651,751,435
Income		
Employer contributions	42,376	143,094
Other income	-	1,239
Total income	42,376	144,333
Expenditure		
Benefits	(13,473,306)	(15,610,427)
Payments to and on account of leavers	(5,903,932)	(8,105,079)
Administration expenses	(786,461)	(1,692,277)
Total expenditure	(20,163,699)	(25,407,783)
Investments		
Investment income	8,927,896	10,652,859
Change in market value of investments	4,246,277	41,748,553
Investment management expenses	(2,170,070)	(1,099,332)
Net investment gain/loss during the year	11,004,103	51,302,080
Transfers between sections	-	752,303
End of Scheme year	651,751,435	678,542,368

Facts and figures (continued)

Membership

The chart below shows membership of the DB section of the Scheme at 31 March 2021. Figures from 31 March 2020 have been included for comparison.



Summary Funding Statement

The Trustee is required by law to give members of the DB section of the Scheme a Summary Funding Statement following each actuarial valuation or annual actuarial report on funding, which covers specific aspects of the Scheme's funding position. The purpose of this Summary Funding Statement is to provide the results of the annual actuarial report recently received by the Trustee setting out the funding position as at 31 March 2021.

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 DB section 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 section 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.

Actuarial valuation as at 31 March 2019

The last actuarial valuation was completed as at 31 March 2019.

The result was:

Total value of the benefits earned	£600m
Market value of the assets held	£659m
Surplus	£59m
Funding level (assets/value of benefits)	110%

Since the DB section is in surplus, the sponsoring employer, FDR Limited, LLC (the Company), is not currently required to pay deficit contributions to meet future benefit payments. The Company has agreed that, in the event that the funding level falls back below 95%, the previously payable deficit contributions of £5 million per year will recommence.

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

The next actuarial valuation is due as at 31 March 2022 and the Trustee has up to 15 months to complete this.

Annual actuarial report as at 31 March 2021

The annual actuarial report as at 31 March 2021 was recently completed.

The result was:

Total value of the benefits earned	£599m
Market value of the assets held	£677m
Surplus	£78m
Funding level (assets/value of benefits)	113%

The funding level improved from 106% as at 31 March 2020 (the date of the last annual actuarial report) to 113% as at 31 March 2021. This has been primarily driven by an increase in the market value of the DB section's return-seeking assets. There was significant uncertainty and volatility in markets around the start of 2020 due to the COVID-19 pandemic; however, since then the DB section's assets have performed strongly which has led to the improvement in the funding position.

The above figures only relate to the DB section and exclude AVCs which are invested separately.

Investment strategy

At 31 March 2021, the section had a strategic allocation of 37.5% in growth assets (such as equities), 55% in matching assets (such as government bonds) and 7.5% in credit assets (such as company bonds) to achieve its overall target return. As part of this strategy, the Trustee aims to hedge interest rate and inflation risks (reduce the impact of these risks on the Scheme assets) and this has proved particularly beneficial during the market's reaction to the COVID-19 pandemic.

Since 31 March 2021, the Trustee agreed to reduce its allocation to growth assets down to 20% and increase its allocation to matching and credit assets accordingly. This reduces the amount of risk in the investment portfolio, providing greater certainty of expected returns over the long-term.

The Trustee is continuing to keep the investment strategy under review, in consultation with the Company.

Summary Funding Statement (continued)

Leaving the Scheme?

You should seek advice from an independent financial adviser (IFA) if you are considering transferring your benefits out of the Scheme. To find an IFA, visit www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser

Some advisers may charge for their advice so be sure to check with them first.

The importance of the Company's support

The Company continues to support the Scheme. This is important because the Scheme needs its support and contributions to make good any funding shortfall that arises so we can continue to pay benefits in full. In addition, the Company's ultimate parent, First Data Corporation, has provided a guarantee that the Company will meet its obligations, subject to a guaranteed amount of up to £143 million. In 2019, First Data Corporation was acquired by Fiserv, Inc. but the guarantee remains in place.

What if the Scheme wound up?

The Trustee is also required by law to tell you what the financial position of the DB section would be on wind up, even though the Company has no intention of winding up the Scheme.

If the Scheme was wound up, the Company would have to pay enough money into the Scheme to secure the DB benefits with an insurance company. This would be more expensive than the value of benefits calculated in the actuarial valuation. This is because insurers have to take a very cautious view of the future and seek 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 the Company will continue in business and support the Scheme.

At 31 March 2021, the DB section's assets were estimated to be sufficient to provide around 94% of the money needed to secure benefits with an insurance company. As at 31 March 2019 (the date of the last valuation) it was 89%. However, if the Company 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. In such a situation, you may not get the full amount of pension you have built up.

As a last resort, the Scheme might be taken over by the Pension Protection Fund (PPF), who might pay all or part of members' benefits. More information about the PPF is available on its website at www.ppf.co.uk, or you can call 0345 600 2541.

The PPF does not provide full protection, so members may still see some reduction in their benefits if the PPF were to provide compensation.

Additional disclosure notes required by the Scheme Funding Regulations

No payments have been made or are due to be made from the Scheme to the Company. 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 2019 actuarial valuation report or the annual actuarial reports at 31 March 2020 or 31 March 2021, please contact:

Andrew Smith, Secretary to the Trustee, FDR Limited Pension Scheme, c/o Capita, 17-19 Rochester Row, Westminster, London, SW1P 1JB.

You may also request copies of the following documents amongst others: Schedule of Contributions, Statement of Funding Principles. You can find details of the Scheme's investment strategy and how it has been implemented in the Statement of Investment Principles and Implementation Statement on the website at www.fdrlimitedpensionscheme.com/home/db/important-documents

Pension news

State Pension Age

State Pension can currently be accessed at age 66. The State Pension age is planned to increase to 67 and then 68 by 2046. As people are living longer and the population ages, the Government has started one of its regular reviews of the State Pension age to ensure it continues to be appropriate. The review will consider bringing forward the increase in State Pension age to 2039 and will consider evidence such as the latest life expectancy data. It is due to be published by 7 May 2023.

Minimum Pension Age

Currently, the minimum age you can take any workplace or personal pension is age 55. The Government has announced that this will increase to age 57 from 6 April 2028. Exceptions apply in the event of ill health that prevents you from being able to work.

Pension Scams

Sadly, there has been an increase in pension scams since the start of the COVID-19 pandemic. Scammers may attempt to gain access to your pension, so we wanted to give you some tips on how to spot a pension scam.

Be cautious

Cold calling about pensions is banned. This includes text messages and emails. A genuine financial adviser will not contact you first. Phrases to watch out for: "free pension review" or "pension liberation" (the concept that you could access your pension sooner than age 55).

Check out adviser details

If you have approached an adviser directly you should still check their credentials. You can use the FCA register at www.fca.org.uk/firms/financial-services-register to check that they are regulated. You can also check that an adviser definitely works for the company they say they are a part of by calling the details on the register to make sure that the adviser is definitely an employee of that firm.

Know your pension

Take time to understand your pension options and pension rules. Pensions are usually not accessible until you are age 55 (57 from 2028) but a common scam is fraudsters claiming they can help you access it earlier. Heavy tax charges can apply if you claim your pension benefits earlier than the minimum retirement age, so make sure you understand the options available at retirement and familiarise yourself with the rules that HMRC set out. For information about the Scheme's rules, use the booklet which you can find at www.fdrlimitedpensionscheme.com/home/db/important-documents and for HMRC's rules go to www.gov.uk/early-retirement-pension/personal-and-workplace-pensions

Be wary of investment promises

Pensions are a form of investment and all investments come with an element of risk. If you are being offered guaranteed, healthy returns then alarm bells should start ringing. Do your research and understand the different risks associated with any investment claims.

Take your time

Do not feel rushed or pressured into making a decision. Read and digest all the information you are given and take the time to speak to a regulated financial adviser.

Could you spot a scam?

See just how aware you are of fraudsters and take the FCA's quiz on pension scams: www.fca.org.uk/scamsmart/pensions-scam-quiz.

Pension news (continued)

Transfer regulations

Due to the increased risk of pension scams, new rules came into place on 30 November 2021 that require trustees and pension providers to prevent pension transfers if they believe the circumstances to be suspicious. Factors that may give rise to a request for a pension transfer being refused include, but are not limited to, a member:

- Not providing sufficient information in relation to the transfer when requested to do so
- Not providing evidence of having taken guidance from MoneyHelper
- Being given financial advice from a company without the appropriate regulatory permissions
- Receiving an unsolicited request to transfer funds from the Scheme to another arrangement
- Feeling pressured into making a transfer
- Wanting to transfer to a receiving scheme with high-risk, unregulated investments and/or which charges fees that are unclear or noticeably high

It is important to remember that these regulations have been introduced to help reduce the risk of pension scams. Our administration team are on hand to liaise with you about your transfer and give you the opportunity to get guidance from MoneyHelper should your initial transfer request be denied.

In most cases, you will be required to have obtained independent financial advice from a registered IFA before being able to transfer your DB section benefits out of the Scheme.

Financial Advice

Remember, neither the Trustee nor the administrator, Capita, can give you financial advice when it comes to your investments or your retirement options. We recommend you speak to an independent financial adviser before making a decision with regards to your options. You can find out about how to get financial advice at www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser

Capita has also partnered with a number of professional financial advisers that can help you understand your options and provide advice where required. Should you wish to take advantage of this service, please click on the 'Managed Retirement Services' link on the website: www.fdrlimitedpensionscheme.com/home/db/at-retirement



Pension news (continued)

Guaranteed Minimum Pensions (GMPs)

Members with benefits relating to service prior to 6 April 1997 may have a GMP element to their pension as a result of being contracted out of the State Earnings Related Pension Scheme, later known as S2P.

Due to the way government legislation treated GMPs between 1990 and 1997, GMPs were calculated differently for men and women. This was ruled to be discriminatory by the courts and now pension schemes need to equalise the GMP benefits for men and women. There are several ways of doing this, and the Trustee has, at the start of this year, consulted with affected members prior to making a final decision on what to do.

If this affects you, you should have received details of the consultation in January 2022 and will shortly receive confirmation of the Trustee's decision having taken on board any feedback received from members. If you have any questions about this, or want to follow the progress of the consultation, you can visit the page on the website specifically created for this at www.fdrlimitedpensionscheme.com/home/db/gmpe

Environmental, Social, and Governance (ESG)

ESG refers to the three key factors used when measuring the sustainability and ethical impact of an investment in a business or company.

You can find out information about how the Trustee addresses issues to do with ESG in the Scheme's Statement of Investment Principles and Implementation Statement, both of which are available on the website: www.fdrlimitedpensionscheme.com/home/db/important-documents. This includes details of how investment managers have voted in key resolutions and proposals as shareholders on behalf of the Scheme. Over the last year this involved voting for better environmental reporting and targets from P&G and Rio Tinto and voting for Walmart to report on its use of single use plastic bags.

Expression of wish form

In the event of your death, the Trustee is responsible for deciding to whom any discretionary death benefits should be paid. You can help the Trustee with this decision by completing an expression of wish form. This is the most effective way to ensure your loved ones receive your benefits when you die.

Your personal circumstances may change over time, so the people you would like to receive your benefits when you die may likewise change. It is important that you keep your expression of wish form up to date at all times. The form also allows you to add any additional information you feel would be relevant for the Trustee to know when determining your beneficiaries.

Out-of-date forms that do not match up with your wishes when you die can cause lengthy investigations by the Trustee into who should receive any death benefits. This can in turn cause delays in paying these benefits.

Make sure all your personal information is up to date, so we can ensure you are provided with accurate information about your pension and to help us to pay your benefits on time.

You can update your expression of wish by logging into your personal account: www.hartlinkonline.co.uk/fdrlimitedpensionscheme or alternatively can download the form on the Scheme website: www.fdrlimitedpensionscheme.com/home/db/important-documents

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.

Trustee and advisers

The Trustee Company has five Directors, two of whom are Member-Nominated.

The current Directors are:

- Ross Trustees Services Limited, represented by Jo Myerson (appointed 1 June 2021)
- Carol Carter (reappointed 6 October 2021)
- Peter Motley
- Keith Rowling
- Dan Waller

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

Secretary to the Trustee	Andrew Smith, Capita
Scheme actuary	Aon Hewitt Limited Jane Curtis FIA
Scheme administrator	Capita Pension Solutions
Investment managers	Legal & General Assurance (Pensions Management) Limited River and Mercantile Investments Limited
Employer covenant adviser	XPS Pensions Group
Investment adviser	River and Mercantile Investments Limited
AVC provider	Standard Life Assurance Society
Solicitors	Eversheds Sutherland LLP
Auditor	RSM UK Audit LLP
Bankers	National Westminster Bank Plc

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

Telephone: **0345 604 5316**

Website: www.fdrlimitedpensionscheme.com/home/db

For general help and guidance on pensions and financial matters, you can contact MoneyHelper:

Website: www.moneyhelper.org.uk

If you have any issues with how the Scheme is run, or cannot resolve an issue with Capita or the Scheme Trustee, you can contact:

The Pensions Regulator

Napier House
Trafalgar Place
Brighton
BN1 4DW

Telephone: **0345 600 1011**

Website: 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

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