

# know your pension

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

## YOUR PENSION HEADLINES:

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Contact us

Welcome to the 2018 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 DB section has been managed during the Scheme year ending 31 March 2017, as well as the latest pension news.

Following an appeal case in March 2017, we look at how the pension increase issue will be resolved on page 10. There is also an important notice regarding Member Nominated Trustees.

This year's newsletter also includes further updated information about the Scheme's financial position and the Scheme's investment strategy.

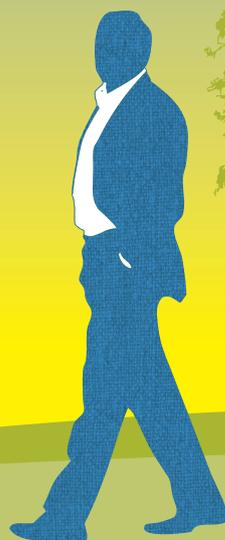
Make sure you know your pension a little better by taking a few minutes to read this newsletter.

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 the back page for details.



# ➤ Facts and figures

## Accounts

Below are the details of the DB section's income and expenditure for the years ended 31 March 2016 and 31 March 2017:

	2016/17 (£)	2015/16 (£)
<b>▲ Fund value at 1 April</b>	<b>562,442,893</b>	564,359,878
<b>▲ Income</b>		
Employer's normal contributions	77,652	88,559
Employer's other contributions	29,810	51,651
Employer's deficiency contributions	5,000,000	5,000,000
Members' normal contributions	-	-
Members' additional voluntary contributions	-	-
Other income	-	-
<b>TOTAL INCOME</b>	<b>5,107,462</b>	5,140,210
<b>▲ Expenditure</b>		
Benefits	(11,163,930)	(12,848,524)
Benefits payable on account of leavers	(7,273,769)	(4,830,372)
Administration expenses	(769,666)	(801,489)
Other payments	-	-
<b>TOTAL EXPENDITURE</b>	<b>(19,207,365)</b>	(18,480,385)
<b>▲ Investments</b>		
Investment income	11,430,292	11,060,515
Change in market value of investments	126,482,173	1,321,915
Investment management expenses	(587,360)	(959,240)
<b>▲ Net investment gain / loss during the year</b>	<b>137,325,105</b>	11,423,190
<b>▲ Transfer from DC Section</b>	<b>427,196</b>	-
<b>▲ Fund value at 31 March</b>	<b>686,095,291</b>	562,442,893



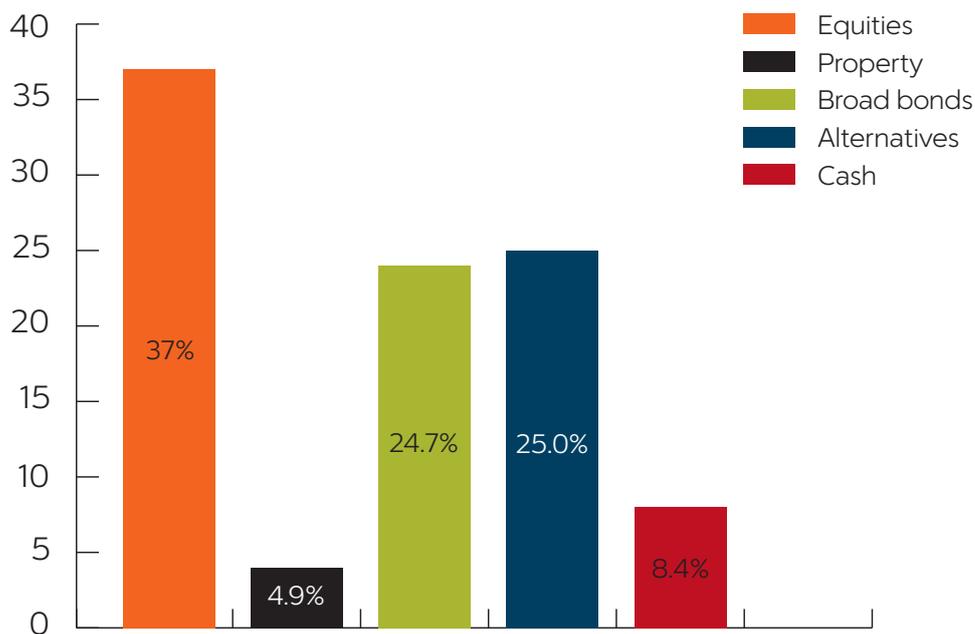
## DB investment strategy

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

The investment management agreement with P-Solve was updated in February 2017. Following this change, the allocation in investment assets was 40% and the allocation to matching assets was 60%.

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 2017 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 three year period.

These two funds combined (60% matching and 40% investment) have an overall objective to outperform the returns used to value the Scheme's liabilities by 1.2% per annum over a rolling three year period.

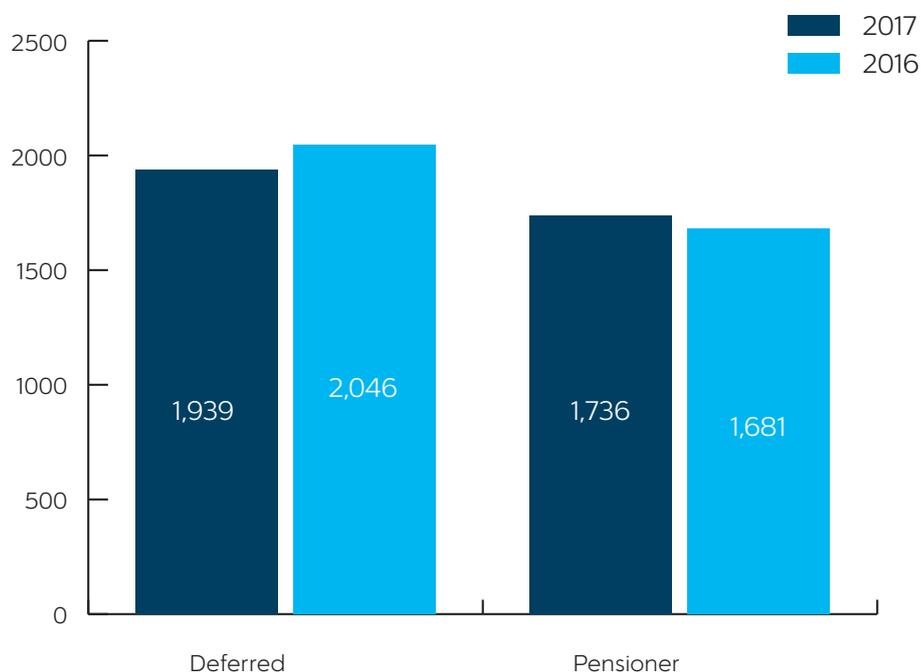
Over the 12 months ending 31 March 2017 the matching fund returned 17.2% in line with its objective of 17.4%. The investment fund returned 30.3% compared to an objective of 20.4%. The two funds combined returned 24.9% compared to an objective of 19.2%

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 2017. Figures from 2016 have been included for comparison.

There are no active members since the DB section closed in 2009.



# ➤ 2017 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 2017, which provides members with the latest information on the Scheme's funding position. The statement is based on the annual actuarial report recently received by the Trustees setting out the funding position as at 31 March 2017.

The Summary Funding Statement provided last year in the newsletter set out the results of the 2016 actuarial valuation 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.



# 2017 Summary Funding Statement (continued)

## Actuarial report as at 31 March 2017

The actuarial report as at 31 March 2017 was recently completed. The results were:

Market value of the assets held	£684m
Total value of the benefits earned	£646m
Surplus/(deficit)	£38m
Funding level (assets/value of benefits)	106%

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 2016

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

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

The improvement in the funding level from 99% as at 31 March 2016 to 106% as at 31 March 2017 was mainly due to:

- Investment returns on the assets;
- Deficiency contributions paid by the Employer

**Note:** all of the figures above relate to the DB Section only and exclude AVCs which are separately invested.



# ➤ 2017 Summary Funding Statement (continued)

## What is our recovery plan?

For the year to 31 March 2017, deficit contributions of £5 million were paid. Further contributions are not currently required as the Scheme has a surplus. The Employer 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

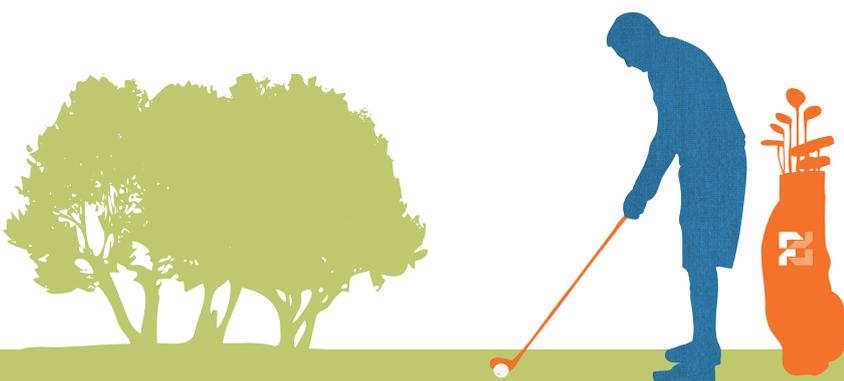
The Scheme currently has a strategic allocation of 40% of its assets to an Investment Fund and 60% of its assets to a Matching Fund to achieve its overall target return.

## 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](http://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.



# ➤ 2017 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 2017, the Scheme's assets were estimated to be sufficient to provide around 77% 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](http://www.pensionprotectionfund.org.uk), or you can write to the PPF at:

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.

## More information about funding

If you would like a copy of the 2017 Actuarial Report, 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: Actuarial Valuation Report, 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.**



## Data Protection – proposed changes to the data protection laws

From 25 May 2018, new laws about how we look after your data will come into force. They will require the Trustee to have a specific plan for how the Scheme administrator looks after your data, including data that is shared with any external third party contacts. The Trustee will also need to show that it fully documents the decisions taken to keep your data secure and must maintain a formal data protection policy for the Scheme.

In line with existing requirements, the Trustee and all third-party contacts must ensure that they only collect data that is absolutely necessary for the purpose for which it is required. Members will be entitled to receive more detail about how their data is held, and for how long it is to be held, and must have a right to access it on request.

Please find enclosed a privacy notice which explains how we use your data.

## State Pension Age

On 19 July 2017, the government announced plans to accelerate the changes that it is making to the State Pension Age (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 recap:

- The current SPA is 65 for men born before 6 December 1953.
- Since April 2010 the SPA for women has been gradually rising from 60 and will increase to 65 by December 2018. This affects women born on or after 6 April 1950.
- From December 2018, the SPA for both men and women will be 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.

## Changes to the Government's pensions advisory services

Government consultation has now begun on merging three of its current pension advice services:

- The Pensions Advisory Service
- The Money Advice Service
- Pension Wise

Merging the three organisations aims to reduce duplication between the services, and to bring together expertise across all financial areas to the benefit of those using the service.

The new body, yet to be named, will be providing:

- Pensions guidance to members of the public.
- Debt advice and information to members of the public (England only).
- Money guidance, designed to enhance people's understanding and knowledge of financial matters.
- Financial education to children and younger people.

The merge is expected to happen in 2018 so keep an eye out for this being publicised next year. In the meantime, members can use all three services separately, still free of charge.

## Don't forget about the website!

[www.fdrlimitedpensionscheme.com/home/db](http://www.fdrlimitedpensionscheme.com/home/db) is a great source of information about the Scheme, where you can find documents, including past editions of this newsletter.



## ➤ 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 that arose as a result of increases being incorrectly applied to pensions earned in the Scheme before 20 June 1991. The correct level of increase was unclear from the Scheme's Rules so the matter was referred to the High Court. An initial judgement was received in October 2015 but the matter was then referred to the Court of Appeal. A final judgement has now been received from the Court of Appeal.

As a result of this judgement some pensions will need to be adjusted and the Trustees are working with their advisers to determine what level of adjustment needs to be made. The calculations are quite complex and will take several months to complete. The Trustees expect any adjustments to be processed in time for the next annual pension increase due on 1 April 2018.

We do not expect any pensions to be reduced as a result of the court judgement. Once the calculations are finalised we will write to pensioners to provide details of any increase due.

## ➤ Trustee news

### Your opportunity to nominate a Trustee

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.

The current Trustees are:

**Employer-Appointed Trustees:** Ryan Berry, Keith Rowling, Daniel Waller

**Member-Nominated Trustees:** Peter Motley, Carol Dutton

With effect from 13 December 2016, Dave Lawrence replaced Annelyse Fournier as an employer appointed Trustee and from April 2017 Daniel Waller replaced Dave Lawrence. From 25 May 2017 Ty Miller has been replaced by Ryan Berry.

It is a legal requirement that at least one third of pension scheme trustees are member nominated. As noted previously, the terms of office of the current Member Nominated Trustees were extended as a result of the court case relating to historic pension increase. As the work on this draws to a close during 2018, the Trustees are again inviting nominations for two Member Nominated Trustees to join the Trustee board.

Member Nominated Trustees must be members of the Scheme who are either still employed by FDR or pensioner members. Nominated individuals will be selected via a panel including some of the existing Trustees. Currently the Trustees' term of office is 3 years. It is proposed that one of the two trustees is appointed for an extended period of 5 years to avoid both posts becoming vacant at the same time.

The Member Nominated Trustees will participate fully in decision making processes and cannot be removed from office without the agreement of all other Trustees.

The current Member Nominated Trustees are Carol Dutton and Peter Motley. Both Carol and Peter are willing to stand for a further term of office.

### Carol Carter (formerly Dutton)

Carol joined First Data in 1982 and continued in her career until she retired in 2004. At retirement Carol was the Senior Manager for Service provision. Carol is in her third period as an MNT and is keen to be reappointed.

In her spare time Carol acts as a volunteer at Havens Hospices, working in their garden club on their allotment. Carol is a keen gardener. Carol has achieved the Award in Pension Trusteeship from the Pensions Management Institute.

## Trustee news (continued)

### Peter Motley

Until his recent retirement, Peter was Director of FM Operations for EMEA and SA. Peter joined First Data in July 1985 and has acted in the capacity of Head of Facilities Management for the majority of his 32 - year career. Peter has also occupied roles within Sales and Marketing, Client Services and Product Development, all of which have provided Peter with an in-depth working knowledge of the business and made him well known to staff. This has enabled Peter to feed back to the Trustee Board the views and comments received from members.

Peter is married with six children and enjoys DIY, watching sport and playing golf in his spare time.

All members are eligible to nominate someone who is either a pensioner or deferred member who remains an employee of First Data. If you wish to nominate someone then you must obtain their consent and complete the enclosed form.

Nominated individuals will be selected via a panel including some of the existing Trustees following an interview process. Any unfilled places will remain vacant until the next nomination process in three years' time.

Trustees are responsible for the proper running of the Scheme which includes the collection of contributions, the investment of assets and the payment of benefits. Scheme members look to the Trustees to make sure that the Scheme is well run. The Trustee board meets four times a year in Canary Wharf, London. Meetings are usually a full day or a day and a half. Additional meetings may be held when necessary. In addition to the meetings, some reading and preparation is required. There is an induction programme for new Trustees and training is available. Potential nominees should be satisfied that they have sufficient time to devote to the Trustee role.

Details of the role and duties of a trustee can be found on the Pensions Regulator's website at the following address: [www.thepensionsregulator.gov.uk/trustees](http://www.thepensionsregulator.gov.uk/trustees)

If you would like to be nominated or wish to nominate someone else, then you should arrange for the enclosed Nomination Form to be completed. The deadline for nominations is **30 April 2018**. If you have any questions about becoming a Trustee then please contact the Secretary to the Trustees:

Andrew Smith  
Secretary to the Trustees of the FDR Limited Pension Scheme  
Capita  
65 Gresham Street  
London  
EC2V 7NQ

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 P-Solve

**Employer covenant adviser:** Punter Southall

**Investment consultant:** P-Solve Investments Limited

**AVC providers:** Standard Life Assurance Society

**Solicitors:** Eversheds Sutherland LLP

**Auditor:** Ernst & Young LLP

**Bankers:** National Westminster Bank Plc



## We're going online!

As you will already know, [www.fdrlimitedpensionscheme.com/home/db](http://www.fdrlimitedpensionscheme.com/home/db) is the website for members of the FDR Limited Pension DB Section. Here you can find lots of information about the Scheme, including back editions of this newsletter.

## What are the benefits of 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'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 we're going to host 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 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](http://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. You can find out how to contact us at:** [www.fdrlimitedpensionscheme.com/home/db/contact-us](http://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](mailto:fdr@capita.co.uk)

Pensions helpline: 0345 604 5316

Or visit the website at:  
[www.fdrlimitedpensionscheme.com/home/db](http://www.fdrlimitedpensionscheme.com/home/db)

Or, you can contact the following third parties if you are not satisfied with any response provided by Capita or the Company:

### The Pensions Advisory Service

11 Belgrave Road  
London  
SW1V 1RB

Pensions Helpline: 0345 601 2923

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

### The Pensions Regulator

Napier House  
Trafalgar Place  
Brighton  
BN1 4DW

Telephone: 0345 600 0707

Website: [www.thepensionsregulator.gov.uk](http://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@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

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