

Your Autumn Pensions Update

Howden Joinery Pension Plan

October 2023



Welcome



Chris Martin
ITS Limited
Chair, Howdens
Joinery Pension Plan

This newsletter is to bring you up to date with recent changes in the Plan and follows on from the last edition produced in November 2022. Since then, inflation remains high, interest rates have risen, and the financial markets are still volatile. However, we as a Trustee board remain confident in the Plan's ability to continue to pay our members now, and in the future.

This issue provides the regular annual report and accounts summary. The three yearly funding level review (actuarial valuation) of the Plan is progressing (this will be included in the 2024 newsletter).

We hope you find these newsletters helpful. If you have any comments or suggestions for future issues, please let the Pensions team know (contact details at the end). ([click here for contact details](#)).

People news

In March 2023, Kathryn Coombe resigned as Trustee Director after nearly 14 years. Her place on the Board has been filled by Claire Yates-Waller. We are pleased to welcome Claire to the Board.

The actuary monitors the financial position of the Plan and is a statutory appointment. Lynda Whitney, who works for Aon, has been the Plan actuary since 2017 and has decided to step down. We are pleased to confirm that Colin High, who has many years of experience on the Plan, has now been appointed Plan actuary.

We would like to thank Kathryn and Lynda for their many years of service on the Plan and valuable contribution during that time. As a member with benefits in the Plan, we know Kathryn continues to take a keen interest!



The Pensions team is moving:

Howdens Head Office is moving (at the end of the year). Our new address is:

3rd Floor, 105 Wigmore St., London W1U 1QY

Claire Yates-Waller



I joined Howdens in January 2000 as Business Developer. I quickly progressed through the ranks and took on my First Depot Manager post in Catterick 2007. In 2011 I took on a larger Depot and in 2016 I became the first female Area Manager for Howdens. I've been

involved in the EDI committee for the business for a number of years and also have worked with the KSD committee to develop world-class KSD training. My passion is people, I want to continue to help create a working environment of self-development, equality and fairness. Being accepted as a director for the pension Trustee Board is true honour; Howdens takes the responsibility of looking after our members as a high priority and being able to play a part in that is both enjoyable and rewarding.



Plan news: Changes to the online member portal

Our administrators, Willis Towers Watson, run a member portal called ePA where you can log in, view your pension information, update your personal information and beneficiary details. It's an easy way to share any information with the administrators in a secure way. If you haven't logged into ePA before, WTW will be writing to you soon to remind you of your login details. If you have forgotten your login credentials, you can reset them online or by contacting WTW. ([click here for contact details](#)).

For members of the HJPP

Login to your pension account (ePA)

User ID:

Password:

[LOGIN](#)

Forgotten your User ID or Password?
Try our [User ID reminder](#) or [Reset your Password](#) services.

Otherwise, if you're a UK-resident member, you will need to use the [Account Recovery](#) Service.

Problems logging in?
Email us at howdenjoinerypensions@willistowerswatson.com quoting:
Your name; Pension Scheme name; Your month of birth; Last 4 characters of your National Insurance number; Last 3 digits of your postcode.

Or call us on [01707 607616](tel:01707607616).

A progress bar has been added to the site so you can easily see where important information is missing on your profile with links to update this.

My Progress

Complete your nominations ▶

Update your email address ▶

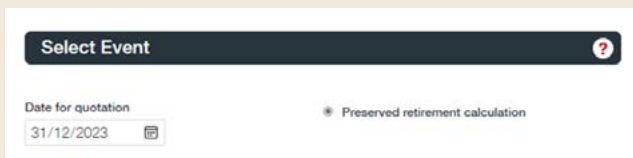
Add your personal phone number ▶



Your pension and your retirement

If you are a pensioner or widow(er) member of the Plan you will already be receiving a monthly payment from the Plan, which is payable for life.

If you have not taken your pension yet, you have some important decisions ahead of you to make. You can run a retirement quotation on ePA. This will show your projected pension and tax-free lump sum at a future retirement date. You can run as many quotes, at as many dates as you like. The quotes can then be downloaded and saved as pdf documents. Please be aware this is an estimate of your benefits, as the calculation makes assumptions about the future rate of inflation. Adjustments for early retirement or taking a tax-free lump sum may change.



Select Event ?

Date for quotation 31/12/2023

Preserved retirement calculation

Should I take my pension early?

At 55 you have the option of taking an early retirement pension from the Plan. Your pension will be lower if you take it early, as it is expected to be paid to you for longer. Note that the 'Minimum Pension Age' is **increasing to age 57 from April 2028**, so for those age 50 and under, you may need to wait until age 57 until you can access your benefits.

Inflation: As you are no doubt aware, the rate of inflation increased last year and has remained high this year. Pensions generally have some protection against inflation, but the way this works can be different before and after you retire, and you may get a higher increase applied to your benefits by carefully choosing when you take your benefits.

Advice: It's important to take this into account when deciding whether to retire this year. If you think this might affect you, then we strongly recommend that you seek independent and impartial financial advice.



Should I take my pension early or take a transfer value?

Should I transfer my benefits out of the Plan?

You have the option of taking a 'Transfer Value' (the value placed on your benefits in the Plan) to an alternative pension arrangement. This could give you a more flexible retirement income rather than the guaranteed pension paid by the Plan.



Scams: If you are considering transferring your pension, be aware of pension scammers. You can find tips on how to spot a scam at www.moneyhelper.org.uk/en/money-troubles/scams/how-to-spot-a-pension-scam.

Advice: Before you transfer, you are required to take financial advice. Make sure your adviser is FCA authorised to make sure you are protected.



The year to 31 March 2023

Our members

Since the Plan closed to new members in 2013 the membership will gradually decrease over time. This is how our membership is made up now:

Deferred	5,905
Pensioner and dependant	4,238
Total membership	10,333*

* This has reduced from 10,469 members last year.

Income and Expenditure 1 April 2022 to 31 March 2023

The audit of the Plan was successfully carried out by RSM this year and no concerns were raised. This was their first audit of the Plan following their appointment last year.

	£m
Value of the Plan as of 31 March 2022	£1,485.0
Total money in	+£7.5
Total money out ‡	-£40.1
Net return on investments	-£543.3
Value of the Plan as of 31 March 2023	£909.1

‡ Money is paid out for pensions and lump sums to members, transfers to other individual pension arrangements and administration expenses.

The reduction in the value of the Plan assets was driven largely by the rise in gilt yields and the volatility in markets, particularly around the time of the mini budget in September 2022. Although the value of the Plan assets has fallen considerably, the value of the liabilities calculated by the Plan Actuary has also fallen.

We reported in the last newsletter that the Plan had reached a fully funded basis, so the Company was no longer contributing. After the market turmoil in October 2022 the funding level fell below 100% so the Company recommenced contributions to the Plan in January 2023. The next full valuation of the Plan is currently underway, with the Plan actuary assessing the position at 31 March 2023. We will report the results in our newsletter next year but expect the value of the liabilities to have fallen by a similar amount to the value of the assets, due to the changes in gilt yields.

The Company has agreed to continue paying deficit contributions until 30 June 2024, or until a fully funded position is reached, or until the 31 March 2023 valuation and Recovery Plan is completed (whichever is sooner). The Trustee and Company will also need to agree the 31 March 2023 valuation and Recovery Plan which may result in additional deficit contributions being paid by the Company should they be required.

Money is paid out for pensions and lump sums to members, transfers to other individual pension arrangements and administration expenses.



Investment Update

The Trustee is responsible for ensuring that it can pay our current pensioners each month and pay benefits to all its members, which are due in the future. Some of the assets held are in investments that aim to match the Plan's liabilities, and other assets are there to provide growth.

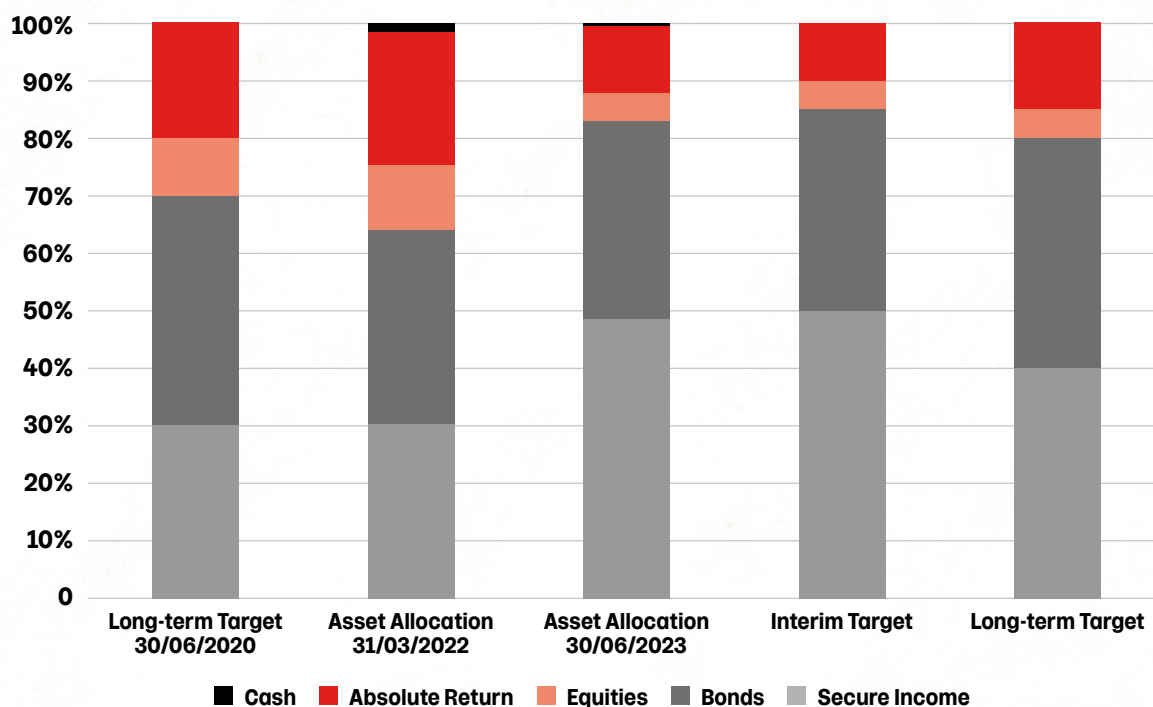
The Trustee takes advice from investment consultants and advisers to help them. The Trustee has a set of investment beliefs and a long-term investment strategy in place to ensure it can meet all its liabilities and remain resilient to investment market fluctuations.

The Trustee regularly reviews the investment strategy for the Plan and recently, due to market movements,

it looked at the level of future growth expected by assets held in the Plan. Following a review in February, the Trustee agreed a change in the long-term allocation of assets as shown below.

The chart shows how the fund asset allocation has changed since the last valuation was completed, and the revised long-term target allocation. An interim target allocation has been agreed as some of the secure income funds are illiquid and will take time to run-off. As the graphs show we are close to the interim allocation target, with the aim to reach the long-term target allocation by the end of the year.

Pension Plan Asset Allocation



Absolute Return (and Multi Asset Credit): active investment strategies targeting positive returns which are uncorrelated to equity or credit markets.

Equities: investing in shares issued by companies in the UK and overseas.

Matching Assets: a scheme specific fund investing in Government bonds (gilts) and derivatives with the aim of providing income to match the outgoings of the plan.

Secure Income: cash flow generating assets which provide stable, predictable, long-term returns, including property, Real Estate debt and direct lending (underwritten by the investment manager).

As you can, see the proportion of equities has reduced and now only makes up 5% of the Plan assets.

The proportion held in 'secure income', including property, increased on 30 June 2023, due to the reduction in value of the gilt funds following the rise in

gilt yields during 2022 (meaning the relative proportion of these secure income funds rose). These funds are long-term investments which are now reaching maturity, and so paying distributions to the Plan which will be reinvested to bring the asset allocation towards the long-term target.



Climate change and net zero - our investment commitment



We continue to work with our advisers to assess the climate related risks which affect the Plan. These risks are categorised as Transitional risks and Physical risks:

- Transitional risks are associated with the transition towards a low-carbon economy. For example, shifts in policy, technology or supply and demand in certain sectors.
- Physical risks are associated with the physical impacts of climate change on companies' operations. For example, extreme temperatures, floods, storms, or wildfires.

We've previously highlighted new regulations where large UK pension schemes will need to produce an annual Taskforce for Climate-related Financial Disclosures ('TCFD') report. The first annual TCFD report for the Plan is now available on our website at www.howdenjoinerypensions.co.uk/howden/.

We believe that climate-related risks could have a materially detrimental impact on the Plan's investment returns in the future. So, it is critical that we try to mitigate them. But we also recognise that we have a role to play in helping to tackle climate change. The Plan's impact on climate change comes from the greenhouse gas emissions associated with its investment portfolio.



Climate-related opportunities

The Trustee has identified some climate-related opportunities:



Cleaner energy
Green power generation, clean technology innovation, sustainable biofuels.



Environmental resources
Water, agriculture, waste management.



Energy and materials efficiency
Advanced materials, building efficiency, power grid efficiency, using technology for efficiency.



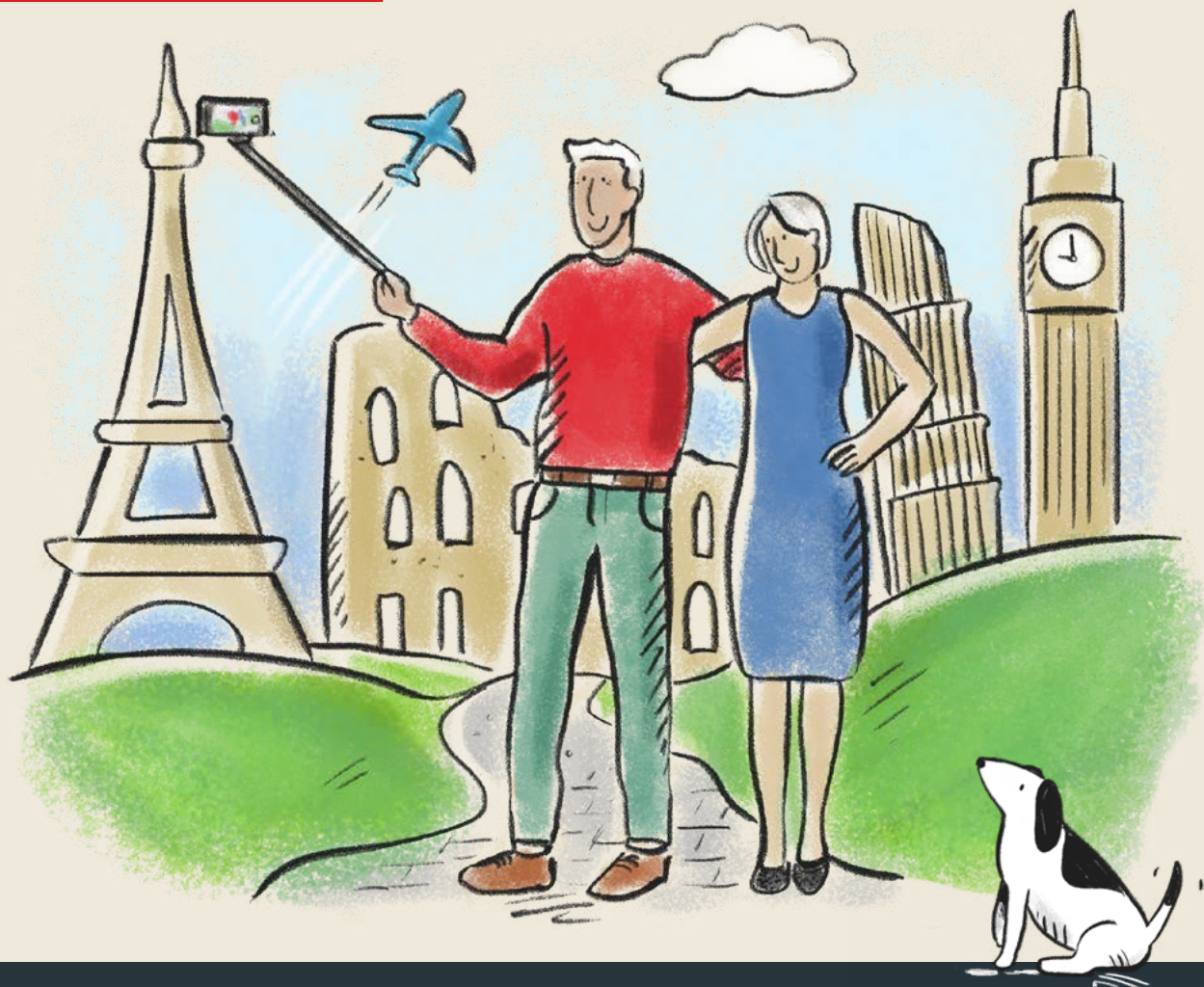
Environmental services
Environmental protection, business services, recycling.

This year the Trustee has invested in the Robeco SDG Credit Income Fund which invests in companies that contribute to the United Nations Sustainable Development Goals. More work is planned in the future to consider other climate-related investment opportunities, especially within the net zero space, given the Plan's net zero commitment.

As a Trustee Board we've committed to achieving net zero greenhouse gas emissions by 2040. We expect to achieve our net zero commitment through a combination of:

- **Engagement:** We want to drive positive investment change and accountability by ensuring our managers are aware of and working towards our net zero goal.
- **Innovation:** We will seek out low carbon alternatives or climate solutions that are aligned with our strategic objectives and fiduciary duty.
- **Transparency:** We want to provide insights on our progress and the progress of the funds in which we invest towards net zero portfolios, through transparent reporting and communication with our members and other stakeholders.





If you have any questions about the Plan

Get in touch with the Plan Administrators

Howden Joinery Pension Plan,
c/o Willis Towers Watson,
PO Box 545, Redhill, Surrey RH1 1YX

01707 607616

howdenjoinerypensions@willistowerswatson.com

Or the pensions team at Howdens
pensions@howdens.com

Nilam Gardiner **020 7535 1152**

Clair Hood **020 7535 1114**

Helpful information

Finding lost pensions

It's easy to lose touch with previous pension plans when you change jobs, or if former employers change their name. If you need to contact the trustee of another employer's pension scheme, this service can help:

www.gov.uk/find-pension-contact-details

Money Helper

Money Helper offers free, clear, unbiased guidance to help you manage your money and pension. There are a number of useful financial planning tools available, including a pension calculator and budget planner. You can also find guidance and support available if your finances have been affected by the rising cost of living.

www.moneyhelper.org.uk

