

# Your Spring update

June 2021



# Welcome to your Spring update.





You'll find an update on everything you need to know about the Howden Joinery Pension Plan here. Let's get started.

## Checking the Plan's financial health: 2020 valuation results are in

Every three years, the Plan actuary (an independent expert) checks the financial position of the Plan for us (called a 'valuation'). This is important because the Plan's financial health could affect the benefits you receive.

This check looks at the money in the Plan, the money needed to pay pensions to members, and what this means for the way the Plan is funded (i.e. is there enough money in the Plan to pay out what it needs to in pension benefits).

## How is the Plan doing?

 <b>Assets</b>	 <b>Liabilities</b>	 <b>Shortfall</b>	 <b>Funding level</b>
Money available in the Plan	Money needed for the Plan to provide benefits - now and in the future	When the value of the assets is less than the liabilities	The assets as a % of the liabilities
Valuation: 5 April 2018 <b>£1,253.4M</b>	Valuation: 5 April 2018 <b>£1,390.0M</b>	Valuation: 5 April 2018 <b>£136.6M</b>	Valuation: 5 April 2018 <b>90%</b>
Valuation: 31 March 2019 <b>£1,332.9M</b>	Valuation: 31 March 2019 <b>£1,485.3M</b>	Valuation: 31 March 2019 <b>£152.4M</b>	Valuation: 31 March 2019 <b>90%</b>
Valuation: 31 March 2020* <b>£1,436.2M</b>	Valuation: 31 March 2020* <b>£1,546.0M</b>	Valuation: 31 March 2020* <b>£109.8M</b>	Valuation: 31 March 2020* <b>93%</b>

\* Since March 2020, the overall funding position for the Plan has improved even further and this will be confirmed in the Autumn 2021 update.

**Note:** The Pensions Regulator has powers to direct matters affecting the funding of the Plan in certain circumstances. We are pleased to say that it has not needed to use its powers in this way for the Plan.

### What's changed since the last valuation in 2017?

- Since the last valuation in 2017, the value of the Plan's assets has increased due to contributions paid by the Company and positive investment returns.
- The value placed on the Plan's liabilities has also increased, mainly due to unfavourable market conditions offset slightly by changes to the assumptions used to reflect a recent trend of lower than expected improvements in life expectancy.
- The Plan's funding level in % terms has also increased.
- For 2020, the assets were £109.8M less than the liabilities (this £109.8M is known as a shortfall in the Plan as it continues, or '**technical provisions**' - which is the term the Plan actuary uses).
- There have been no payments to the Company out of Plan funds since the last valuation.

The actuary also has to work out the funding level if the Plan doesn't continue (i.e. is wound up) and all the promised benefits have to be provided by an insurance company. This is known as 'buying out'. This kind of funding test (called the "**solvency position**") sets a higher funding test for the Plan and therefore usually results in a significantly lower funding level than the funding levels worked out if the Plan continues. This is because insurance companies have to invest in lower returning assets than the Plan would, and they have to show they hold enough money to pay out the benefits. This makes buying out benefits expensive. See the next page for more detail on the solvency position and what it means for the Plan.

**Technical provisions** are the estimated level of money needed to pay the liabilities as and when they are due.

**Solvency position** means having enough money to buy insurance policies to provide members' benefits.

## Recovery Plan

The Company and the Trustee will continue to maintain the current recovery plan.

As a reminder, within the recovery plan, the Company is paying contributions of £30M p.a. (paid in monthly instalments until 30 June 2023 if required). The recovery plan aims to make sure that the assets are enough to cover the Technical Provisions liabilities by the end of the recovery period.

### What would happen if the Plan was discontinued ('wound up')?

As we've said earlier, the actuary must also look at the Plan's solvency position if it was to be discontinued (wind up). The actuary looked at whether the Plan had enough money at the valuation date of 31 March 2020 to buy insurance policies to provide members' benefits. Because buying out benefits is expensive, the solvency position is likely to be less than 100% even if a scheme is fully funded on its ongoing basis.

If the Plan wound up as at 31 March 2020, the actuary estimates that the amount the Plan needed to ensure benefits were paid in full was £1,975.4M and the assets were £1,436.2M. On this basis, the Plan's solvency shortfall was £539.2M and the solvency funding level is 73%.

### The Defined Benefit (DB) Plan has closed

Last year, after a period of consultation, the DB Plan was closed (i.e. no further benefits can be accrued). From 1 April 2021, DB members will have started building up pension benefits in our Defined Contribution (DC) Scheme instead.

**It's important that you know how the Plan is doing - the Company is committed to supporting the Plan, and is not thinking of winding it up.**

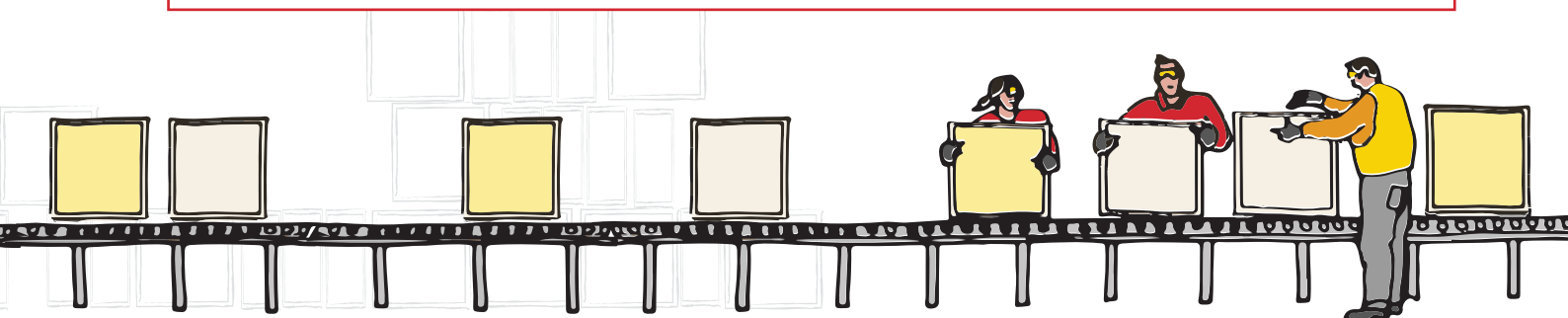
The **Pension Protection Fund (PPF)** acts as a safety net and provides compensation to pension scheme members where a scheme is wound up because the sponsoring employer becomes insolvent and there's not enough money to cover the cost of securing members' benefits with an insurance company. The PPF does not provide full protection, so in most cases members would see a reduction in their benefits. **In our case, the benefits covered by the PPF would be covered, and any remaining assets would be used to secure part of the remaining benefits with an insurance company.**

The full valuation report is available on request from [pensions@howdens.com](mailto:pensions@howdens.com)

### Plan closure: a reminder

**If you are a deferred member or a pensioner member: there is no change to your benefits.**

**If you were an active member before the Plan closed: you would have received the communications we sent out as part of the consultation process. You'll now be building up benefits in our DC Plan, which offers a simpler contribution structure and maximum Company contribution of 12%.**



## People news: New faces

We're excited to welcome a new Trustee to our Board and a new colleague as part of our Pensions team.

### Meet Simon Gleadhill

- I'm an Accountant and I started work for MFI in 2003. Now, I work in the Howdens Group Finance team in London.
- My main jobs are preparing the Group's Annual Report & Accounts, making sure that we stay up to date with any changes to accounting and reporting rules and regulations, and that we report our performance in a fair and balanced way that recognises the needs of all our stakeholders, from investors to pensioners.
- I'm looking forward to the new challenge of being a pension Trustee. I realise that it's a big responsibility and I've got plenty of learning to do to get up to full speed, but there's lots of training on offer and the other Trustees and advisors have already been very helpful and supportive.



### Meet Nilam Gardiner

- I joined the Howdens Pensions team in April. Since then, I've been working closely with the Pensions Manager regarding all aspects of both the Howdens Joinery Pension Plan and Howdens Retirement Savings Plan.
- I have over 25 years' pensions experience, from supporting trustees to helping members with individual pension queries.
- Outside of work, I have two children who keep me busy - and I enjoy an active life, walking, running and swimming as often as I can.



**Your Pensions Manager is Clair Hood, who stepped into the role in April last year.**

## Have your say

The Plan is run on behalf of members by our Trustee Board, which is a group of volunteers who go through training to ensure the Plan is run well. The Board includes Trustees nominated by the Company, and Trustees nominated by members of the Plan - that's you. Currently, we've got an open position available. Our Member-Nominated Director (MND) process is running from now until the end of June.

**This means that you now can choose who runs the Plan in the best interests of members.**



**Are you someone who'd do a great job overseeing the Plan is well-run and making sure that members' interests are protected?** Find out everything you need to know, and how to submit a nomination, at [howdenjoinerypensions.co.uk/howden/](https://howdenjoinerypensions.co.uk/howden/) and see the **News** section.

**Note** - only 'in-service deferred' members (current employees who are now deferred members of the closed DB Plan) and pensioner members are eligible to apply.

## Keep your benefits safe: Look after your money!

Your retirement savings are extremely valuable - make sure you keep them safe from scammers.

Pension scams are getting more sophisticated and harder to spot - especially during the current pandemic. Pension scammers use convincing language and slick sales tactics to get access to their victims' retirement savings. In particular, members affected by the recent DB Plan closure could be tempted to transfer to another pension arrangement after seeing the size of their transfer value on their leavers statements. Similarly, members aged over 55 with benefits elsewhere might be encouraged to take their benefits early.

**Here are some ways to keep your money safe for your retirement.**

### Don't respond to cold calls

Whether it's by phone, email, post or on social media, always treat any unsolicited contact about your pension with caution. Reputable financial advisers don't drum up business by making cold calls. Be particularly suspicious of anyone who:

- Offers you a 'free pension review'
- Says they can help you access your pension - especially if they claim you'll be able to access it before you're 55
- Claims they can get you higher returns on your retirement savings
- Pressures you to invest quickly to avoid losing out on a one-off opportunity, discount or bonus
- Talks about legal loopholes or special tax incentives, like taking more than a quarter of your pension tax-free.

### If in doubt, check with the FCA or TPAS

- Financial advisers should be Financial Conduct Authority (FCA) registered. Check their details on the FCA Register at [fca.org.uk/firms/financial-services-register](https://www.fca.org.uk/firms/financial-services-register)
- Call The Pensions Advisory Service (TPAS) if you're concerned about a potential scam on **0800 011 3797** or visit [fca.org.uk/scamsmart](https://www.fca.org.uk/scamsmart) to report it.



### Thinking about your options? Available advice at a competitive rate

Our new independent financial adviser, Wren Sterling, can help you think about your options at retirement and decide what's right for you. They offer impartial, personal advice. You'll need to pay for this service - but don't forget that they offer members a competitive rate.

You can also choose your own independent financial adviser (IFA). Get more information by visiting the relevant page on the Money and Pension Services website - <https://www.moneyadvice.service.org.uk/en/articles/choosing-a-financial-adviser> - or by visiting [www.unbiased.co.uk](http://www.unbiased.co.uk).

Get in touch by:

**Phone** - 020 3962 6188

**Email** - [contactus@wrensterling.com](mailto:contactus@wrensterling.com)

# Have a question about the Plan?

## Contact us

### Plan Administrators

**Howden Joinery Pension Plan**

c/o Willis Towers Watson

PO Box 545

Redhill

Surrey RH1 1YX

**01707 607616**[howdenjoinerypensions@willistowerswatson.com](mailto:howdenjoinerypensions@willistowerswatson.com)

### Pensions team at Howdens

[pensions@howdens.com](mailto:pensions@howdens.com)**Clair Hood 020 7535 1114****Nilam Gardiner 020 7535 1152**

### 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](http://www.gov.uk/find-pension-contact-details)

**Money Advice Service**

The Money Advice Service offers free, clear, unbiased guidance to help you manage your money. There are a number of useful financial planning tools available, including a pension calculator and budget planner at

[www.moneyadvice.org.uk](http://www.moneyadvice.org.uk)

