



HOWDENS

Your Autumn Pensions Update

Howden Joinery Pension Plan

November 2022



Welcome



This is our second newsletter in 2022 and there is plenty of information to share with you again. Inside this issue we provide the usual updates on the funding level of the Plan and the annual report and accounts summary.

During September and October we saw huge market turmoil following the Government's 'mini-budget'. We have continued to monitor the funding of the Plan closely. There is no cause for concern and pensions in payment, retirement lump sums and other payments continue to be paid as usual.

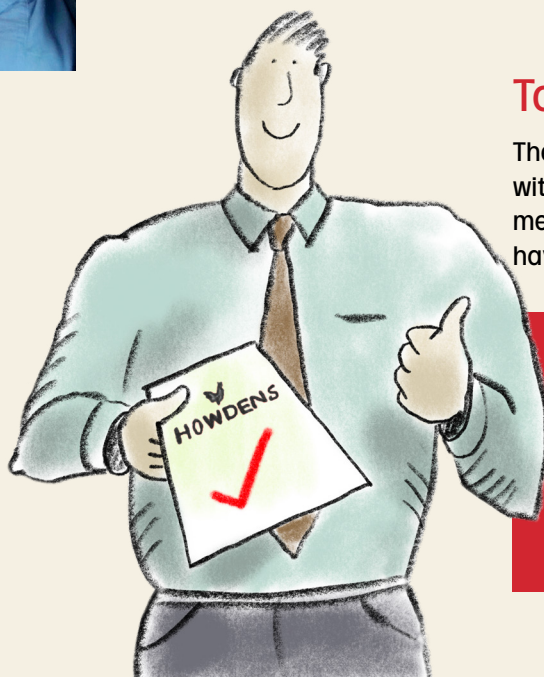
We hope you find these newsletters helpful. If you have any comments or suggestions for future issues, please let the Pensions team know (contact details at the end).

Chris Martin
ITS Limited
Chair, Howden Joinery Pension Plan



Ian Arnold re-elected

In the last newsletter we invited members to apply to become a Trustee Director. We are pleased to say that Ian Arnold agreed to re-apply for this role. As there were no other nominations Ian has been re-elected and will serve a further four years on the Trustee Board. Ian is a pensioner member of the Plan and first joined the board in 2014, so has considerable experience in being a Trustee.



Top-up Accounts transferred

The transfer of the Top-up Accounts to a Master Trust with Standard Life has now been completed and all members whose Top-up Account has transferred will have been contacted directly by Standard Life.

View your account online:

We encourage you to register online on the Standard Life website to view your account and nominate beneficiaries.

Your pension and your retirement

If you have not taken your pension yet, you have some important decisions ahead of you to make.

Should I take my pension early?

Once you are age 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.

As you are likely to be aware, the rate of inflation has increased and is expected to remain high for the rest of 2022. 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.

It's really important to take this into account when deciding whether or not to retire this year, especially if you are retiring early.

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 might give you the options of having a 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.

Scam tactics include:

- Contact out of the blue
- Promises of high/guaranteed returns
- Free pension reviews
- Access to your pension before age 55
- Pressure to act quickly

Where can I get some advice?

The decisions you make about whether to retire early or when transferring your pension can affect your income for the rest of your life so it is important to consider them carefully and seek financial advice.

We have appointed Wren Sterling as our preferred independent financial advisor to give you impartial, unbiased advice on your Howden Joinery Pension Plan. You will need to pay for this advice, and if you need advice on other pension arrangements too this will increase the cost of the advice.

To find out more:

Visit: wrensterling.com/pension-transfers

Call: 0808 175 0010

Email: howdens@wrensterling.com



Climate change and net zero, our investment commitment



We are continuing our work with our advisors to assess the climate related risks which affect the Plan. We have analysed several climate change scenarios to check the potential impacts of climate change on the returns achieved by our fund managers. We are pleased that the analysis shows that the Plan's portfolio exhibits reasonable resilience under the climate change scenarios tested. This is due to us investing in a well-diversified range of sustainable assets.

Our fund managers have also provided information on their net zero targets. We will be discussing with them how these fit with our target for our portfolio to achieve net zero greenhouse gas emissions by 2040. This supports Howdens' vision to become the UK's leading, sustainable kitchen and joinery supplier.

**ROAD TO
ZERO**

OUR JOURNEY TO
**ZERO WASTE
ZERO EMISSIONS**

Road to Zero is Howdens' journey to create zero waste and zero emissions right across the business, whilst creating sustainable products to be proud of.



You can find out more about this on **Howdens.com**

The year to 31 March 2022

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	6,236
Pensioner and dependant	4,233
Total membership	10,469*

* This has reduced from 10,567 members last year.

Income and Expenditure 1 April 2021 to 31 March 2022

	£m
Value of the Plan as at 31 March 2021	£1,486.2
Total money in **	+£7.5
Total money out †	-£42.6
Net return on investments	+£33.9
Value of the Plan as at 31 March 2022	£1,485.0

** Since the last valuation update the Plan has reached a fully funded basis so the Company is no longer contributing to the Plan. Future payments will be met using the Plan assets and investment growth only.

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



The Plan Auditor

Crowe has been the Plan's Auditor for a number of years. As part of our governance role we recently conducted a review of our Auditors who create our annual Report and Accounts and carried out a tender process for this role. Following this we are pleased to let you know that RSM has been appointed as the new Plan Auditor. They will take over from Crowe and complete the next set of accounts for us in 2023.

The Plan's financial review

The Plan actuary carries out an annual review to check the financial health of the Plan with a full review every three years. The last full review was completed looking at the position at 31 March 2020 and the next full review will be carried out in March 2023. The current position compared to the last two years is shown below:

Valuation date	Assets	Liabilities	(Shortfall)/Surplus	Funding level
	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)/more than the liabilities	The assets as a % of the liabilities
31 March 2020	£1,436.2m	£1,546.0m	£(109.8)m	93%
31 March 2021	£1,486.2m	£1,486.1m	£0.1m	100%
31 March 2022	£1,485.0m	£1,420.8m	£64.2m	105%

What's changed since the last valuation in 2020?

Since the valuation at 31 March 2020 the Plan's financial position has improved significantly and the Plan is in surplus by £64.2M at 31 March 2022. As the table on the previous page shows the funding level improved from 2020 to 2021 and there have been further improvements in the year to 31 March 2022.

The value placed on the Plan's liabilities has decreased due to the increase in gilt yields over the period and the benefits paid from the Plan. The value of the Plan's assets has increased mainly due to a combination of deficit contributions from the Company and asset returns.



Recovery Plan

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

Within the recovery plan, the Company was 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 liabilities by the end of the recovery period. As the Plan is now in surplus, since July 2021, deficit repair contributions from the Company have ceased, but if the Plan was to go back to having a shortfall, Company contributions would start again.

There have been no payments to the Company out of Plan funds.

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

Firstly, it's important that you know that the Company is committed to supporting the Plan and is not thinking of winding it up.

If the Plan wound up as at 31 March 2022, the actuary estimates that the amount the Plan needed to ensure benefits were paid in full was £1,773.7M and the assets were £1,485.0M. On this basis, the Plan's solvency shortfall was £288.7M and the solvency funding level was 84%.

The Trustee is confident in the Company's current position and that it is not likely to become insolvent. However, if this were to happen members would be supported by the Pension Protection Fund (PPF). The PPF provides compensation to pension scheme members where a scheme is wound up due to the employer becoming insolvent and there's not enough money to cover the cost of members' benefits. The PPF does not provide full protection, so in most cases members would see a reduction in their benefits. However, this is more than they would receive if the PPF didn't exist. For more information on the PPF visit www.ppf.co.uk.

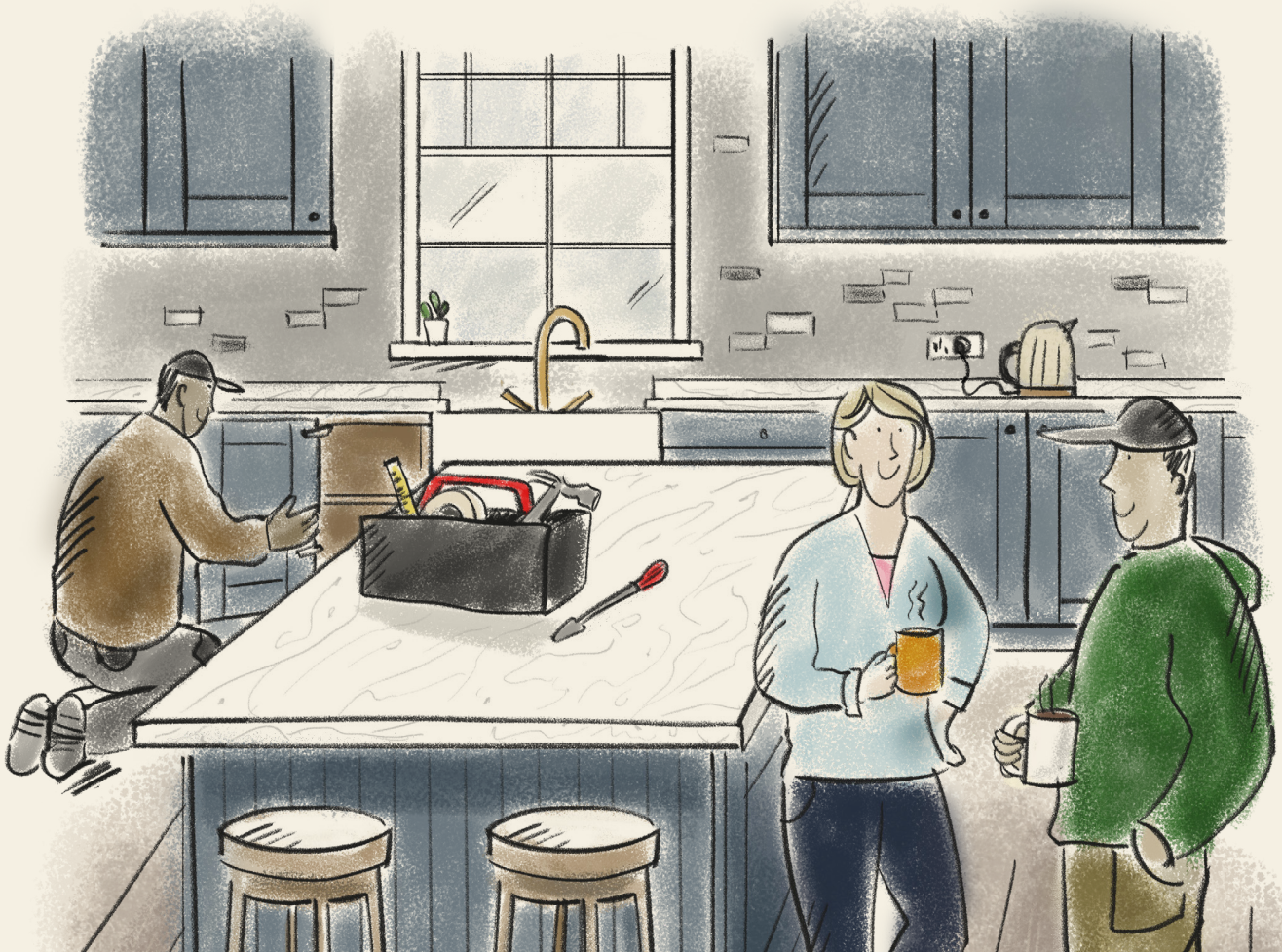
The Pensions Regulator is the UK watchdog of workplace pension schemes. It has the authority to change the way occupational pension schemes are run though it has not needed to use its powers in this way for our Plan. You can find out more about the Regulator online at www.thepensionsregulator.gov.uk.

The full valuation report is available on request from pensions@howdens.com.





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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

Clair Hood **020 7535 1114**

Nilam Gardiner **020 7535 1152**

