



# Annual Review 2020

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Find out more about your retirement options and Trustee selected financial adviser on page 8.



# Welcome!

## Welcome to the 2020 Annual Review of the Howden Joinery Pension Plan

This year has presented some unique challenges with Covid-19 affecting all our lives. This has also impacted the investment markets and, while the volatility continues, I am pleased to report that the Plan has stood up well to the challenge. The Plan's investments have recovered well from the initial market shock and I am very proud of how well the Trustee Board has responded.

Inside, as well as the usual updates on the funding level of the Plan and the annual report and accounts summary, you can find our top tips for keeping your benefits safe. This is particularly important at this time as pension scams have increased dramatically during lockdown.

### Financial health check

Every three years the Plan Actuary carries out a formal in-depth financial review known as a three-yearly valuation. In the interim years, the Actuary provides updates known as annual funding updates. The last valuation was in 2017 so 2020 is a valuation year. Our 2020 valuation is currently underway. You'll be able to read the result in next year's annual review.

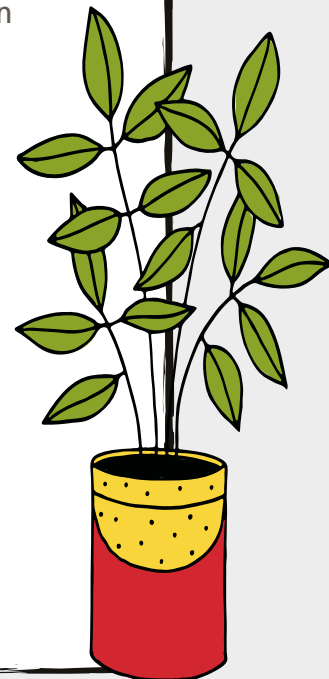
During April this year the Company paused additional payments they are making to the Plan to clear the deficit. The Trustee took advice and agreed to defer payments of £7.5 million.

### Company news

The Company has kept us updated on trading and we are pleased that, after an initial lockdown and brief closure of all depots, by the end of May all sites were open and operating safely. The business is currently in its busiest trading period P11 and, whilst there is caution about underlying market conditions, the in-stock local model should be an advantage. We will continue to monitor this and receive regular updates from the Company.

We hope you find this annual review helpful.

**Chris Martin**  
**Chair of Howden Joinery Pension Plan**



# People news

## We welcome a new Trustee director to the Trustee Board.

**The Trustee directors form the Trustee Board. There are 8 Trustee directors, four are appointed by the Company, three have been nominated by members and the Chairman is a professional Trustee, appointed by the Company.**

In February Debbie Webster resigned from the Trustee Board. Debbie has worked with the Trustee Board since March 2011 and we would like to thank her for her years of dedicated service. Her valuable contribution will be missed on the Trustee Board. Debbie remains in her role in HR in Howden.

In April we welcomed Amy Lim to the Board. Her role is the HR Business Partner aligned to the East Anglia and South Division. She works closely with the Divisional Senior Leadership Team and Line Managers to help achieve shared organisational objectives and support the growth of the business from a people perspective.

We have also had a change in the Pensions team. Many of you will have had contact with Chris Vaughan who worked with Howden and the Plan for a number of years. Chris left the Company at the end of April 2020 and will now receive her newsletter like you as a member of the Plan and former employee. We also thank Chris for her commitment to the Plan over the years.

### Member-Nominated Director (MND) elections

We were due to hold MND elections this year as the terms for Tony Cooper and Charlie Nissen ended this summer. Due to ongoing Covid-19 restrictions and, being part way through the full valuation, both Tony and Charlie have agreed to continue in office until at least June 2021, when they will stand for re-election. The Trustee Board have agreed to run the election process next year.

### Did you know?

New Trustee Directors are required to undertake training. This basic course is set by the Pensions Regulator and includes several modules, where knowledge is tested at the end of each module.

## Your Trustee Board

<b>Independent Trustee - Chairman</b>		Independent Trustee Services represented by Chris Martin			
<b>Company appointed</b>	Emily Barker	Kathryn Coombe	Craig Holson	Amy Lim (appointed 1 April 2020)	Debbie Webster (resigned 6 February 2020)
<b>Member nominated</b>	Ian Arnold	Tony Cooper	Charlie Nissen		

# Plan news

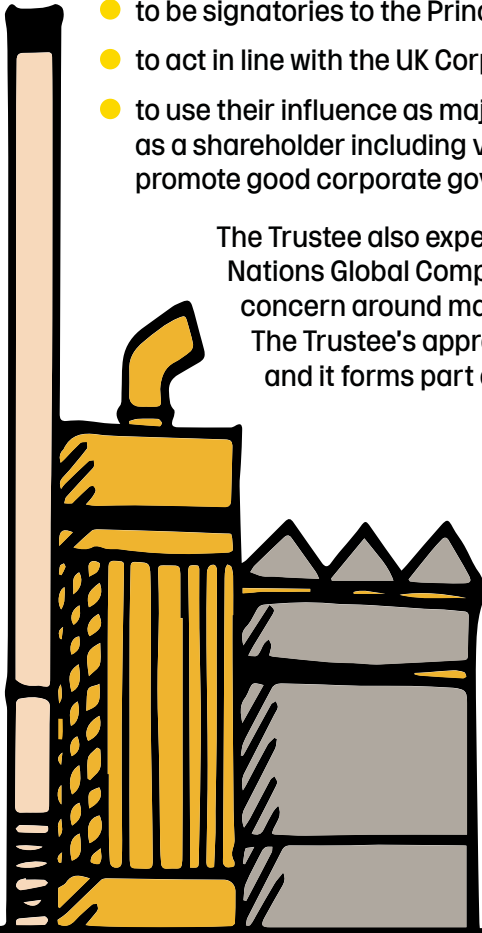
## ESG investments, good for the world, good for you

Pension funds are amongst the largest and most influential investors in the UK. Pension scheme trustees have a responsibility to consider carefully where they invest, what investment options they offer to members and their policy for environmental, social and governance (ESG) standards. Given the size and influence of pension fund assets, where this money is invested will have a direct influence on our global communities and the environment. Many asset managers now also actively discuss ESG concerns with companies and encourage them to shape company policies towards more ESG friendly practices.

The Trustee has the following standards in place with its investment managers:

- to be signatories to the Principles for Responsible Investment.
- to act in line with the UK Corporate Governance Code (or its global equivalent).
- to use their influence as major institutional investors to exercise the Plan's rights and duties as a shareholder including voting, along with engagement with companies and assets to promote good corporate governance, accountability and positive change.

The Trustee also expects the Plan's appointed managers to comply with the United Nations Global Compact and, additionally, the Trustee has identified key areas of concern around manufacturers of controversial weapons and climate change. The Trustee's approach to ESG sets out the Statement of Investment Principles and it forms part of their regular reviews.

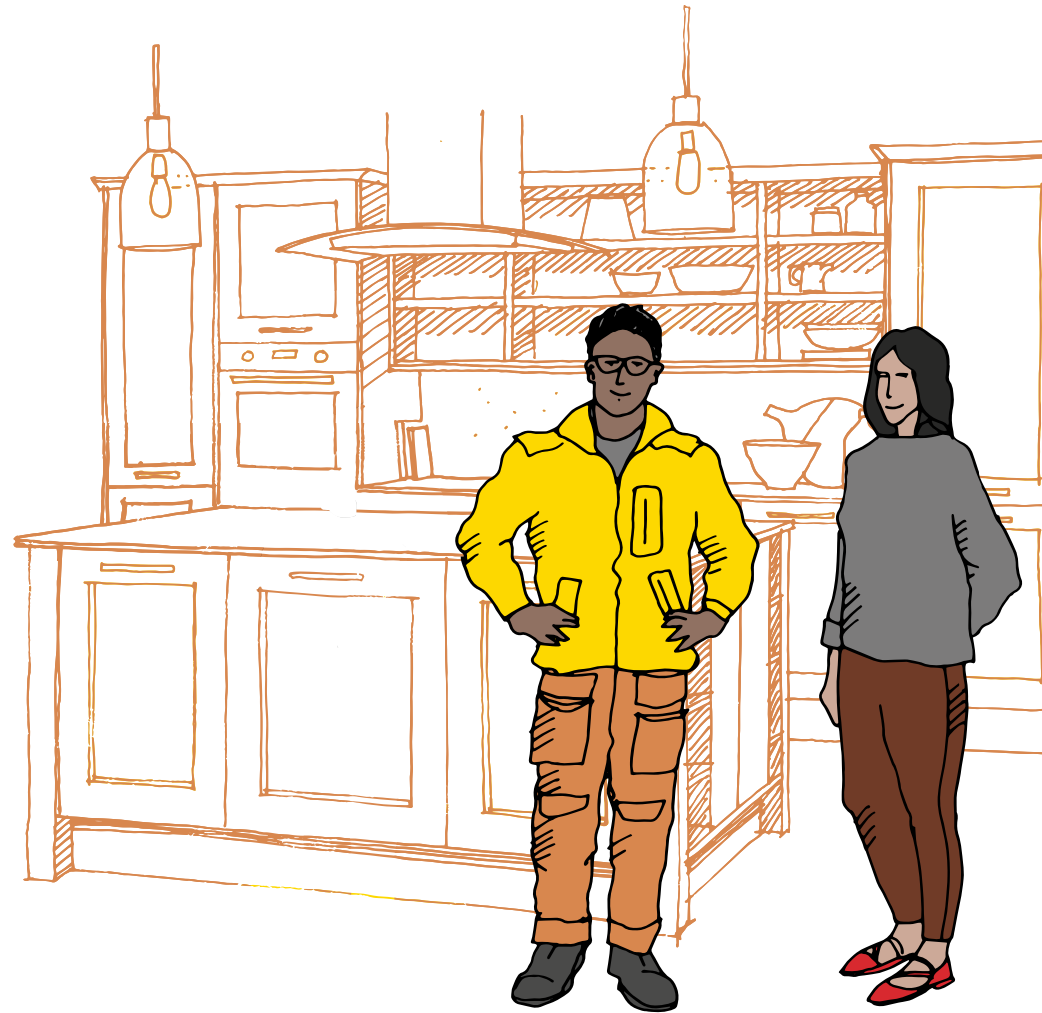


## GMP Equalisation

Before 1997, some pension schemes promised to pay a Guaranteed Minimum Pension (GMP) instead of the State Earnings Related Pension (SERPS). This meant members and employers paid lower National Insurance contributions, but the member had a GMP in their company plan.

A court judgment in October 2018 ruled that pension schemes need to adjust benefits to take account of differences between men and women for GMP built up between May 1990 and April 1997, when GMPs stopped being earned. As GMP replaced State provision, it was based on the State Pension Age which, at the time, was for men age 65 and for women age 60.

The rate at which GMPs were built up differed for men and women. The judgment requires the Plan benefits to be equalised, to compensate for unequal GMP benefits, but the data checking and calculation involved is complicated and time consuming and it will take a little while for the Trustee and the Company to agree an appropriate way forward. We have started work on this project with our advisers and administrator. If any benefit changes are needed, we will write to members individually.



# Top tips for members

## Retirement journey stage:

**All ages**

### Don't lose touch

As a Plan member you have valuable benefits that would be paid to spouse or dependants when you die. It's important to let the Trustee know who you would like to receive these benefits so there is no delay in payment at a time when they are likely to need it most. Here's a quick checklist to make sure your personal details are up to date to allow the Trustee to keep in touch:

- **Personal details.** If you move address or your circumstances change, especially if you're no longer working for the Company, don't forget to let us know!
- **Email address.** This gives us another, greener, way to get in touch if needed.
- **Does your next of kin know who to contact when you die?** Please tell your next of kin to inform the Pension Department when you die. Why not keep any pension documents with a copy of your will so details can be found easily?
- **Don't forget about any other company or personal pensions you may have paid into.** If you've lost track of any old pension plans you can track them online using the government service at [www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details)
- **Update your Expression of Wish form.** You can do this on ePA at: <https://epa.towerswatson.com/accounts/hjp> or alternatively download and complete a form at: <https://howdenjoinerypensions.co.uk/howden/documents-and-links/forms-and-publications>

Please complete a new Expression of Wish form when your circumstances change, for example if you get married. In the event of your death the Trustee will take your wishes into account when deciding who will receive any death benefits.

Don't forget to let the Trustee know who you would like to receive these benefits so there is no delay in payment at a time when they are likely to need it most.



# Retirement Journey Stage:

## Aged 55 +

**You may be wondering what retirement benefits would suit you the best**

You have options within the Plan to take tax-free cash and pension and wider options outside the Plan. These include:

- Transfer out and buy a regular income for life from an insurance company
- Transfer out and withdraw cash as and when you need it
- Transfer out and take a single cash lump sum



## Retired

**Retired but feeling the pinch? Make sure you're maximising the benefits you receive**

Did you know that you may be entitled to more State benefits in retirement? Around 1.6 million pensioners in 2019 were eligible for Pension Credit but did not claim it.

- If you find that you are a little short each month you can check online now to see if you're eligible [www.gov.uk/pension-credit-calculator/before-you-start](http://www.gov.uk/pension-credit-calculator/before-you-start)
- If you are claiming Pension Credit you may also be able to claim council tax relief, regardless of whether you rent or own your property or a free TV licence. Find out more here [www.moneyadvice.service.org.uk/en/articles/pension-credit](http://www.moneyadvice.service.org.uk/en/articles/pension-credit)

Go to our new site dedicated to understand your options at: <https://epa.towerswatson.com/accounts/hjp/public/howden-joinery-pension-plan-planning-for-retirement>

It will help you to explore what your income in retirement might look like using our illustrator tool.

## New route for advice on your retirement options - Wren Sterling

How you decide to take your Plan benefits is a big decision and depends on what's the right fit for you. We strongly recommend that you get guidance and/or advice if you're thinking about transferring your pension. To help you decide, the Trustee has selected an FCA registered financial adviser, **Wren Sterling**, to provide Plan members with tailored impartial financial advice. They have knowledge about the Plan, so are able to explain how your Plan benefits and the transfer options work and make a recommendation about the most appropriate option for you.



You'll need to pay for the retirement advice that Wren Sterling provide, however we've negotiated a competitive rate for our members, which is significantly cheaper than the cost if you went to find your own financial adviser.

# Keep your benefits safe

**Your pension is one of the most valuable assets that you have, keep it safe. The Trustee has an important role in this by making sure the Plan is protected from cyber-attack.**

- **During lockdown pension scams reported have increased** so it's more important than ever that we all remain vigilant.

It is illegal for companies to make unsolicited phone calls to people about their pension and often victims have been approached through social media or email. Never give out your personal details to an unsolicited caller, here are a few more tips to help keep your valuable benefits safe.

- **Do your own checks.** If someone contacts you, make sure you check who you are dealing with before taking any more steps. Financial advisers should be 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)
- **Take your time.** Some scammers try to rush people into a decision by telling them that it's a time-sensitive offer. Don't be rushed or pressured into making a decision which may not be reversible.
- **Call an expert.** Call The Pensions Advisory Service (TPAS) if you are concerned about a potential scam on **0800 011 3797** or visit [fca.org.uk/scamsmart](https://www.fca.org.uk/scamsmart) to report it.

To find out how to stay secure online visit the National Cyber Security Centre's website at [ncsc.gov.uk/section/information-for/individuals-families](https://www.ncsc.gov.uk/section/information-for/individuals-families)



## Investment update

**This year has seen a lot of ups and downs in the investment markets. This volatility is largely because of the unprecedented effects of Covid-19 on the world's economy. While this may sound alarming the Plan's investments are selected to pay benefits when they become due.**

### **How this affects you if you have Defined Benefit (DB) benefits**

As a member with DB benefits, your pension is calculated at the point of your retirement based on a formula, so your pension isn't affected directly by investment volatility. But in order to pay these benefits when they are due, the Plan needs to grow the current assets through investments. Funding and the ongoing contributions needed by the Plan are currently being assessed and any expectations for investment performance will feed into the results of the 2020 valuation. These calculations and discussions are underway and will be concluded by the middle of next year at the latest. Details will be provided in the next Newsletter.

### **How this affects your savings in the Top-Up Section**

As a member who has made Top-Up contributions through Additional Voluntary Contributions (AVCs), the value of your Top-Up account at retirement relies on your and the Company's contributions and then investment growth.

It is part of the Trustee's role to offer a range of suitable investments that not only provide the prospects for future growth but also can help protect against market shocks, such as the one we've seen in recent months. This involves providing a diverse range of investments to make sure you don't have all your eggs in one basket and providing a lifestyle option that aims to protect your Top-Up account as you approach retirement.

You can see how your Top-Up account is invested by logging into ePA. It's important to check your investments regularly to make sure they are still appropriate for your current circumstances. For example, if you are still a number of years away from retirement you should be able to take a higher level of risk to grow your savings.

### **Property Fund**

Due to the investment volatility buying and selling in many property funds was suspended, including ours. This is because property takes time to buy and sell. As investment markets are less volatile, it may be available again soon.

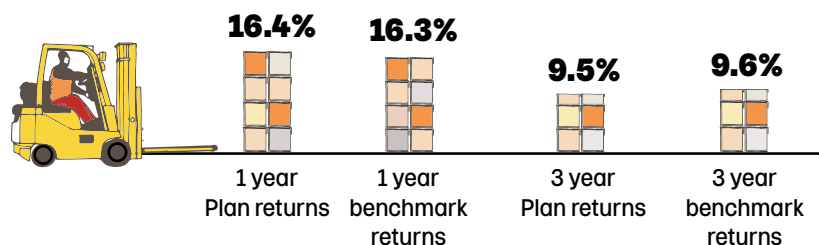
If you are closer to retirement any falls in value may be harder to recover from, so it's important that you bear this in mind as you approach retirement. If you are in the lifestyle fund it is also important to check that the selected retirement age is still in line with your plans as this determines when your Top-Up account starts switching to its final investment split.

**The investment results on the next page are at the end of June. Since this reporting date the Trustee has continued to closely monitor the situation and the investments have recovered to near pre-Covid levels.**



## Investment update Continued

### Investment growth to 30 June 2020



A benchmark is used to measure performance. An investment performance benchmark uses similar indexes as the Plan is invested in.

**Equities** are stocks and shares in global companies including emerging markets.

**Absolute Return** strategies are investment approaches which look to generate consistent positive returns but with low correlation with equity markets. These strategies help to protect the Plan assets should equity markets fall significantly.

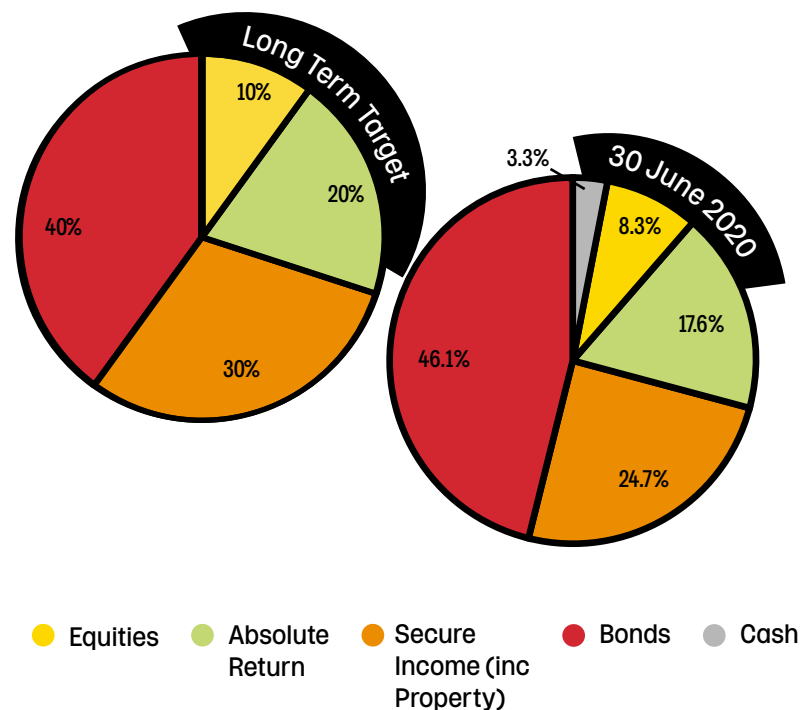
**Secure Income** allocation looks to invest in cashflow generating assets which provide stable, predictable long-term returns.

**Bonds** represent a loan made by an investor to a borrower, for example to a company or government.

**The Trustee have a set of principles to help them and their advisers manage the Plan's assets.**

The latest Statement of Investment Principles is available at: <https://howdenjoinerypensions.co.uk/howden/documents-and-links/forms-and-publications> It sets out the responsibilities of different parties, any investment decisions the Trustee has taken, the risks and risk management steps as well as the investment objectives for each section.

### Asset type



Last year we reported that the target split of assets was changing. These changes reduced the Plan's investment in equities, which had some of the largest drops in value in the market volatility experienced in March. As reported last year, the Plan now only targets 10% exposure directly to equities.

# The Plan's accounts

## Income and Expenditure 1 April 2019 to 31 March 2020

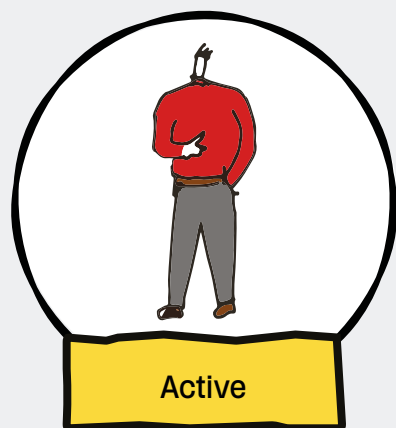
		2019 £'000	2020 £'000
<b>Value of the Plan at the start of the year</b>	=	<b>1,279,979</b>	<b>1,361,634</b>
Total money in	+	46,006	49,231
Total money out	-	48,038	50,590
Net return on investments		83,687	102,495
<b>Value of the Plan at the start of the year</b>		<b>1,361,634</b>	<b>1,462,770</b>

Money out of the total Plan includes pensions and lump sums paid to members, transfers to other individual pension arrangements and administration expenses.

If you would like to see a copy of the full Report and Accounts, please contact Clair Hood, using the details on the back page.

## Our Members

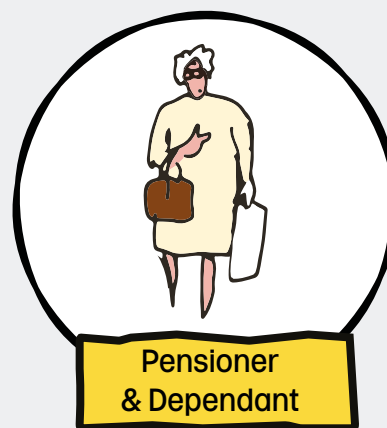
On 31 March 2020 there were



**1,336**



**5,452**



**3,867**

**10,655**  
members in the Plan.

# The Plan's accounts Continued

## Pension increases in April 2020

Pensions in payment were increased in line with Plan rules and are based on Consumer Prices Index or Retail Prices Index in September 2019. How your pension increases depends on when it was earned. The main increases on the parts of your pension that increase were:

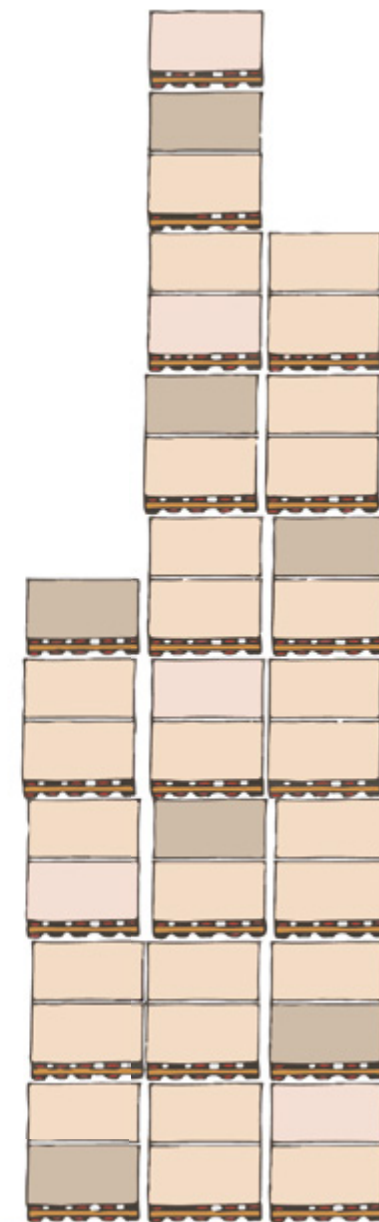
Pension Element	Annual increase awarded
Pre 97 pension over any Guaranteed Minimum Pension (some members)	<b>3%*</b>
Post 88 Guaranteed Minimum Pension	<b>1.7%</b>
Post 05.04.97 if you left before 06.04.03	<b>3%</b>
Between 05.04.97 and 31.08.06 if you left after 05.04.03	<b>1.7%</b>
CARE pension after 31.08.06	<b>2.4%</b>

More information about your increase is in your Pension Increase letter sent in March.

\*some do not increase

## Our advisers

Role	Organisation
Plan Actuary	Lynda Whitney from Aon Limited advises the Trustees on funding and other pension issues.
Auditor	Crowe U.K. LLP
DB Investment Consultant	Aon Limited advises the Trustees on the investment strategy
Legal Advisers	Pinsent Masons
Administrator	Towers Watson Limited



# If you have any queries 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](mailto:howdenjoinerypensions@willistowerswatson.com)

### You can contact the Pensions team at Howdens:

Clair Hood - 020 7535 1114  
[clair.hood@howdens.com](mailto:clair.hood@howdens.com)

### Log in to view your Plan details

Log into ePA at <https://epa.towerswatson.com/accounts/hjp>  
If you have forgotten your log in details, please contact the Plan Administrators or the Howden Pensions team using the details above.

## 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)

### Important

If you are thinking of opting out of or leaving the Plan, you should consider obtaining professional, FCA-regulated financial advice before taking any action. The Trustees have selected Wren Sterling as a suitable adviser (see page 8 for more details on their appointment).

By law, neither the Trustee nor the Company can give you financial advice. If you need more help, you should consider speaking to an FCA regulated financial adviser.

You can find details of a local financial adviser at [directory.moneyadvice.org.uk/en](http://directory.moneyadvice.org.uk/en) or at [www.vouchedfor.co.uk](http://www.vouchedfor.co.uk)

