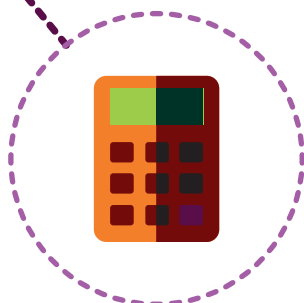
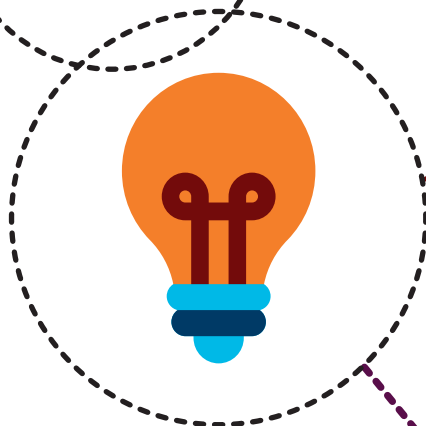
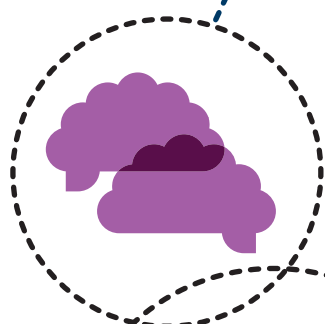


# KNOW YOUR PENSION 2022



A newsletter for The  
Institution of Engineering  
and Technology  
Superannuation and  
Assurance Scheme

In the know

page 02

Know the latest news

page 03

Know the finances

page 04

Know the investments

page 07

Want to know more

page 08

# IN THE KNOW

Dear Member,

After the difficulties posed by the pandemic in 2020 and 2021, I had hoped that 2022 would see an end to so much uncertainty and that this article would be easy to write. Unfortunately however, that is not the case. We have welcomed the end to COVID restrictions, but the war between Russia and Ukraine, and the devastation this has caused, means that 2022 was far from normal. Added to this, soaring energy and food costs and the unsettled political landscape have made the environment equally - if not more - challenging for all of us.

2022 was also a year of significant financial volatility, particularly as markets reacted to the Chancellor's mini-budget on 23 September 2022. The Trustees are aware that some of the commentary in the press may have been particularly worrying for members and we would like to reassure you that there has been no change to the security of your pension. Our priority is to ensure members' pensions are protected and that we can pay members' benefits as they fall due. The investment strategy has been carefully designed with this goal in mind, and with the help of our investment advisers we have been able to react quickly to market movements.

Even before these events, in August 2022 another trigger was hit on the Trustees' long-planned de-risking flight path, and the Scheme's assets were subsequently transitioned into a further de-risked portfolio, an even more low-risk asset allocation than that set out in the Summary Funding Statement on page 04 below, with the majority of Scheme assets invested in government and other bonds, as well as insured annuity policies which cover members' benefits in full, and an even smaller allocation to riskier shares.

Finally, I would like to bring to your attention that a vacancy will be coming up later in the year for the role of Member-Nominated Trustee of the Scheme. The role of a Trustee is varied and interesting, and will give the successful applicant the opportunity to work alongside the existing Trustee board to help shape the direction of the Scheme in the next phase of its journey, working towards the ultimate goal of securing all members' benefits. In particular, diversity of thought and new perspectives are vital to the effective running of the Trustee board, so we would strongly encourage those from all backgrounds to consider putting their names forward. A full communication will follow with all the necessary information, but we look forward to receiving your applications and nominations.

Yours sincerely,

**Philip Whittome**

*Chair of Trustees*

## TRUSTEES

The assets of the Scheme are held in trust for the benefits of members and are managed by the Trustees of The Institution of Engineering and Technology Superannuation and Assurance Scheme.

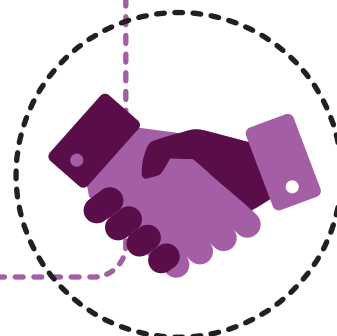
### Employer nominated

**Philip Whittome** (*on behalf of Capital Cranfield*),  
an independent Trustee chair

**Christopher Knibb**

### Member nominated

**Steve Hammond**  
**Elizabeth Hartree**



# KNOW THE LATEST NEWS



## STAYING SAFE FROM PENSION SCAMS

Pension scammers are now using the cost-of-living crisis as an opportunity to develop sophisticated ways of tricking pension members out of their life savings. And so, it's worth reminding yourself on these four steps below to help protect yourself:

1. **Be suspicious** of all unexpected telephone calls, texts or emails from unknown numbers or email addresses.
2. **Reject unexpected pensions opportunities** with phrases such as “free pension review”, “pension liberation”, “loan”, “cashback”, and guarantees that they can get you better returns on your pension savings.
3. **If it sounds too good to be true, then it could be a scam** – things like releasing cash from a pension before the age of 55, with no mention of the tax implications.
4. **Never agree to download software or an app** unless you are certain it is safe and always carefully crosscheck website addresses. Scammers use these to access your device.

**If you're in any sort of doubt, or worried something's a potential scam, then there's help available. You can:**

- Speak to an adviser authorised by the Financial Conduct Authority (FCA) by visiting **<https://register.fca.org.uk>**. The FCA also has a list of unauthorised advisers and people they have received complaints about. Find out more about how to stay safe from scams at: **<https://www.fca.org.uk/scamsmart>**
- Visit the Pensions Regulator website for more information on pension scams at: **[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)**

## TAPERED ANNUAL ALLOWANCE

The Annual Allowance is how much you can save into a pension over a tax year (which runs from 6th April to 5th April), without paying an annual allowance tax charge. If you are a higher earner, you may also be subject to the lower ‘tapered Annual Allowance’.

On 6 April 2020, the Chancellor announced changes to the tapered Annual Allowance.

These changes are now that if you earn less than £200,000 the Annual Allowance is £40,000. That means you can pay up to £40,000 into your pension and still receive tax relief on it.

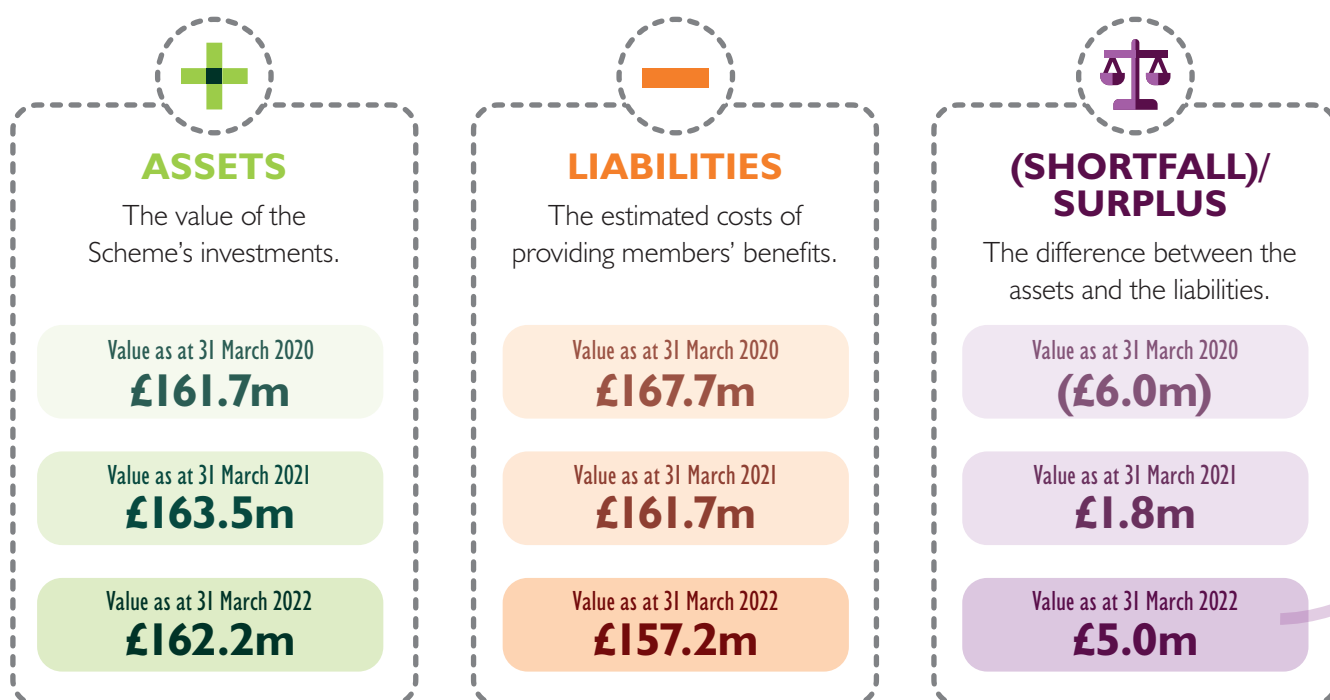
If you earn over £200,000, you might be subject to the lower ‘tapered Annual Allowance’. This will start to reduce your Annual Allowance, based on how much your total earnings are.

The change to the tapered Annual Allowance will only affect higher earners, who can now earn an additional £90,000 a year before a tapering of (reduction in) their Annual Allowance kicks in. However, if your income does meet the criteria for tapering, you should be aware that the minimum tapered Annual Allowance will reduce from £10,000 to £4,000. If you think this might affect you, more information can be found on the Government's website **[www.gov.uk](http://www.gov.uk)** or speak to your accountant or financial adviser.

# KNOW THE FINANCES

## HOW IS THE SCHEME DOING?

The Trustees must make sure the Scheme has enough money to pay members' benefits both now and in the future, and so every three years a full valuation of the Scheme is undertaken, with annual checks in between. These calculations are carried out by an Actuary appointed by the Trustees. Here is a summary of the funding positioning at the last valuation and how this compares with the annual updates.



As you can see as at 31 March 2022 the Scheme had a surplus with 103% of the assets it is estimated to need to pay all benefits due now and in the future. The support of the Institution continues to underpin the Scheme. As long as the Institution can support the Scheme as and when required, your benefits will be paid in full when they become due.

The primary drivers of the increase in the funding level have been contributions from the Institution and strong investment returns.

## The Scheme's financial position



## THE FUNDING LEVEL

These valuations are only a snapshot in time, and as market conditions change, it's perfectly normal for the funding level to fluctuate over time. If the funding level was 100% or more at a given date, that means that it is estimated that there were enough assets at that date to pay all future benefits as and when they are due to be paid.

As at 31 March 2022, the Scheme had a funding level of 103% and so was in a healthy financial position with enough funds to meet its commitments to members.

As part of the 31 March 2020 valuation of the Scheme, the Institution agreed to make contributions of £1.2m per year until 30 June 2026. The contributions will next be reviewed as part of the 31 March 2023 valuation.

## PROTECTING YOUR BENEFITS

As part of the valuation, the Actuary also works out how much money the Scheme would need if the Institution could no longer support it, the Scheme were to be wound up and the Trustees secured members' benefits by buying an insurance policy.

Securing benefits in this way is expensive. The estimated cost to ensure that all members' benefits could be paid in full if the Scheme wound up on 31 March 2020 was £200.3m, resulting in a shortfall of £38.6m compared with the value of the assets on the same date. If there is not enough money in the Scheme to buy out all the benefits with an insurance policy, the Institution would have to make up the shortfall.

For cases where a company goes out of business and doesn't have the money to pay the benefits promised, the Government has set up the Pension Protection Fund (PPF) which can pay compensation to members. You can find out more about the PPF on its website: [www.ppf.co.uk](http://www.ppf.co.uk).

Please note that the inclusion of this information does not imply that the Institution or the Trustees are thinking of winding-up the Scheme. It is simply required to form part of our report.

## THE LEGAL BIT

Legally, we have to confirm that the Institution has not taken any surplus payments out of the Scheme in the last 12 months and that there has been no intervention from The Pensions Regulator to use its powers to modify the Scheme, or to impose a direction, or a schedule of contributions.

## NEW TRANSFER REGULATIONS

There are new regulations The Trustees and Scheme administrator must follow when it comes to processing any transfer out request. Where members wish to transfer benefits to another registered pension arrangement, additional checks will be undertaken to assess whether the transfer request meets certain conditions to enable the transfer, in an effort to further prevent pension scams.

# KNOW THE FINANCES

We receive regular payments from the Institution which we invest and use to pay benefits. Here is a summary of the money we received and the payments we made, over the last scheme year.

## ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2021

**£163,324,429**

Value at 31 March 2021



**£4,937,254**

What increased the Scheme assets



**(£5,892,022)**

What reduced the Scheme assets



**£162,369,661**

Value at 31 March 2022



### WHAT INCREASED THE SCHEME ASSETS

Institution contributions	£1,200,000
Investment income	£3,737,254

### WHAT REDUCED THE SCHEME ASSETS

Benefits payable	(£4,734,920)
Administrative expenses	(£20)
Change in market value investments	(£1,094,343)
Investment management expenses	(£62,739)

## SCHEME MEMBERSHIP

**2021**



**2022**



- Members who have not yet retired
- Pensioners

## YOUR DATA

If you would like to find out more about how we use your personal data please follow the link to the Hymans Robertson Trust Centre:

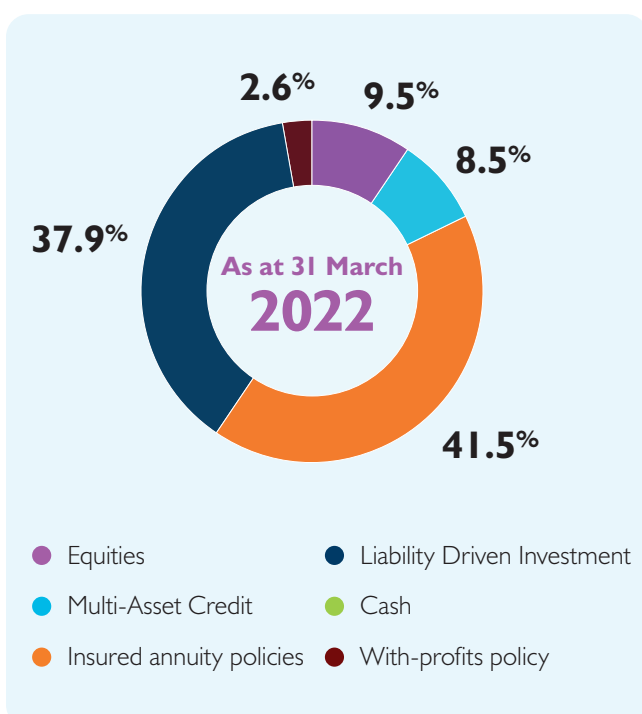
[www.hymans.co.uk/information/trust-centre/](http://www.hymans.co.uk/information/trust-centre/)

# KNOW THE INVESTMENTS



## OUR INVESTMENT STRATEGY

The Scheme's investment strategy is set by the Trustees after taking appropriate independent advice. The Scheme's assets were allocated to the following investment types (graph below).



The Trustees and their investment advisor have considered Environmental, Social and Governance criteria when setting the investment strategy for the 2022/23 year and will continue to do so.

More information about our investment strategy is published in our Statement of Investment Principles. Copies of all the Scheme's documents are available upon request from the Scheme Administrator.

## JARGON BUSTER

### ACTUARIAL VALUATION

An investigation by an Actuary into the ability of a defined benefit pension scheme to meet its liabilities. This determines the funding level and the recommended Institution contribution rate.

### ASSETS

Investments such as equities, gilts, property and cash.

### WITH-PROFITS POLICY

The With-Profits Policy invests in a broad range of assets including equities, property, bonds and cash. The Policy pays out profits, or 'bonuses' when the investments are performing well.

### EQUITIES

Shares in a company which are bought and sold on a stock exchange.

### FUNDING LEVEL

This is the relationship between the value of a scheme's investments and its liabilities at a specific date.

### LDI

This is short for liability-driven investments which aim to meet the Trustee's investment objectives by reducing the volatility in the funding level.

LDI addresses interest rate and inflation risks by investing in a range of assets that closely match the behaviour of the pension liabilities.

### MULTI-ASSET CREDIT

The Multi-Asset Credit Fund invests in a range of bonds and other credit assets, rather than just one type of investment. This gives an element of diversification that you don't get when investing in a single asset class.

# WANT TO KNOW MORE?



## WHERE CAN I GET MORE INFORMATION?

These websites are a useful source of information about pensions and general financial matters.

**www.gov.uk** for Government information and public services, including workplace pensions and State benefits.

**Moneyhelper.org.uk** is the new one stop service for Government-backed guidance, bringing the support offered by The Money Advice Service, Pension Wise and the Pensions Advisory Service under one roof.

MoneyHelper aims to make your money and pension choices clearer; to cut through the jargon and complexity, explain what you need to do and how you can do it. It is free to use and provides impartial guidance and can recommend further, trusted support if you need it.


You can also ring MoneyHelper free on 0800 011 3797, Monday to Friday 9am to 5pm.

## TRACKING DOWN LOST PENSIONS

It's worthwhile taking time out now to think about how much income you are on target to receive when you retire and whether it will be enough. Of course, your income in retirement may come from a number of sources including previous employers. If you would like to track down a lost pension scheme, the Pension Tracing Service may be able to help you free of charge.

 **www.gov.uk/find-lost-pension**

 **0800 731 0193**

 **0800 731 0176**


When you call, it is a good idea to have some information to hand – such as your National Insurance number, the name of the company you worked for, and the dates you worked there.

## SCHEME INFORMATION

If you would like any more detailed information about the Scheme, you can ask the Scheme Administrator for a copy of various documents including:

- the trust deed and rules
- actuarial valuations
- the schedule of contributions
- the statement of investment principles

## THE SCHEME ADMINISTRATOR IS:

 Hymans Robertson LLP  
45 Church Street  
Birmingham  
B3 2RT

 **+44 121 212 8144**

 **iet@hymans.co.uk**



## ARE YOU ON THE MOVE?

Please remember to let the Scheme Administrator know if you move home, so that we can keep in touch with you and make sure your benefits are paid on time.