The Institution of Engineering and Technology

2024

Know your pension

The Institution of Engineering and Technology Superannuation and Assurance Scheme

In the **know**

I'm pleased to introduce the 2024 update from the Trustees of The Institution of Engineering and Technology Superannuation and Assurance Scheme (the Scheme). I hope you find it informative, given your pension is an important part of your overall wealth.

The main responsibility of the Trustees is to make sure members' pensions are protected as far as possible. At the 2023 valuation, the Scheme reached the landmark of full funding on its conservative 'technical provisions' ongoing funding basis. Having reached this milestone, the Trustees' focus is transitioning towards the long-term strategy of the Scheme. As you will be aware from previous newsletters, we already hold two insurance policies (known as 'buy-ins') that cover a large proportion of our pensioner liabilities. Securing a further buy-in (or multiple further buy-ins) to insure the remaining liabilities would bring even greater security to the Scheme and is the long-term goal for many defined benefit pension schemes like ours. With this in mind, the Trustees are considering how to manage the Scheme's funding and investment strategy in order to maximise the chances of achieving this objective. Such a move would be a significant step forward, and the Trustees will update you on progress in future newsletters.

Moving on, the Trustees have been keen to improve the member experience in several ways. We're pleased that the Scheme administrator has now rolled out its pensions self-service portal, PRISM, to all members. If you haven't already registered, we'd encourage you to do so. PRISM gives you access to your pension details at the click of a button. We've enclosed a leaflet with this newsletter, which has information on how to register and use PRISM. It also includes some answers to common questions. We hope you will make use of the portal. You can still contact Hymans Robertson by email, phone or post if you have a question. Their details are on page 16.

It's worth staying up to date on the latest pension legislation, which can affect your retirement planning. Some changes were introduced shortly before the election, which are summarised on page 5.

Finally, as we approach the end of the year, please remain alert to anyone who is after your pension savings. Pension scams continue to happen, so don't let a scammer enjoy Christmas with your retirement money. The newsletter contains some reminders on what to look out for and how the Scheme administrator can help.

Philip Whittome
Chair of Trustees

Know the **highlights***

£113.8 million
Value of the Scheme's assets

£5.6 million
Value of benefits paid

685
Membership

102%
Funding level

*As at 31 March 2024

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Know the **latest news**

LTA and limits on tax-free cash

The government has provided more detail around the allowances that have replaced the Lifetime Allowance (LTA), which was abolished in April 2024. Although the Labour Party had indicated it would reverse this change, the LTA wasn't mentioned in the recent King's Speech (see page 5).

The two new allowances put a limit on how much tax-free cash you can take from your retirement savings:

- **The Lump Sum Allowance (LSA)**
  When you take your benefits, you can usually take up to 25% tax free, but the LSA caps this amount at the lower of £268,275, your available LSDBA (see below) or the amount permitted under the pension scheme's rules (this applies across all pension schemes, not just the Scheme).

- **The Lump Sum and Death Benefit Allowance (LSDBA)**
  A limit of £1,073,100 now applies to the tax-free elements of lump sums that can be paid from all your retirement savings, including any paid on your death or ill health.

Most of our members are unlikely to be affected by the allowances. Whether they affect you or not will generally depend on the total value of your pension savings and whether you've already taken tax-free cash from other pension schemes, as this reduces the amount of LSA and LSDBA available to you. If you want to take part of your Scheme benefits as tax-free cash when you retire, we'll need to check you have enough LSA and LSDBA available first. If you don't have enough LSA or LSDBA available, your tax-free cash will be restricted to the lower of the allowances you have remaining and the amount allowed in the Scheme rules.

If you previously had some sort of LTA protection, you might be able to take more tax-free cash.

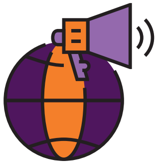
You can find out more at **gov.uk/tax-on-your-private-pension**

Pensions Scheme Bill

In the King's Speech at the opening of Parliament in July, the new government set out its legislative priorities for the months ahead. This included a new Pensions Scheme Bill, which forges ahead with many of the previous government's proposals.

The main takeaway for pension schemes is a push to deliver better value for savers and to increase investment by pension schemes in the UK economy.

In addition, the new Bill will prevent people from losing track of their pension pots through consolidating small pots (similar to the previous government's 'pot for life' proposal).



Could you boost your State Pension?

The previous government extended a deadline allowing people to pay voluntary contributions to make up for gaps in their National Insurance (NI) record between April 2006 and April 2016. After 5 April 2025, you'll only be able to pay for voluntary contributions for the past six years.

The extension allows people to rebuild their NI credits so they can get the full State Pension – a boost that is particularly useful for people who took time out to raise a family, carers and those who've worked abroad.

You can use the digital service at **www.gov.uk/check-state-pension** to check if you have gaps in your NI record and see by how much your State Pension could increase – and how much it would cost.

Did you know?

It's possible to defer the payment of your State Pension if you want to do this. You can find out how much you're on track to receive at **www.gov.uk/check-state-pension**

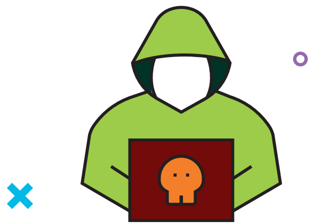
Stay alert to pension scams

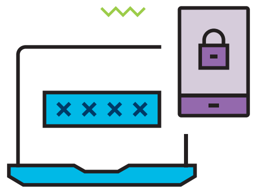
Many people have been targeted by pension scammers, who offer seemingly attractive 'investment opportunities' to encourage you to transfer your retirement savings into their funds. These scams could result in the loss of your entire retirement savings, and you could also face significant tax penalties.

Scam tactics include:

- contact out of the blue (this could be via a phone call or via social media, for example)
- promises of high or guaranteed returns or better returns on your retirement savings
- free pension reviews and/or access to your pension before age 55
- pressure to act quickly and high-pressure sales tactics
- unusual investments, which tend to be unregulated or high risk and/or complicated structures, so it is not clear where your money will end up
- several groups or companies involved which all take a fee, meaning the amount taken from your pension will be significant.

To help you identify a scam and protect your retirement savings, you should visit the Financial Conduct Authority's website at **www.fca.org.uk/scamsmart**



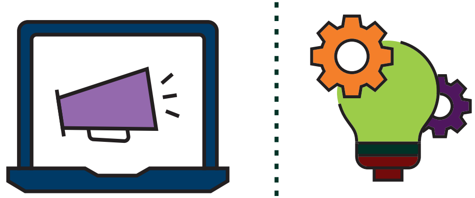


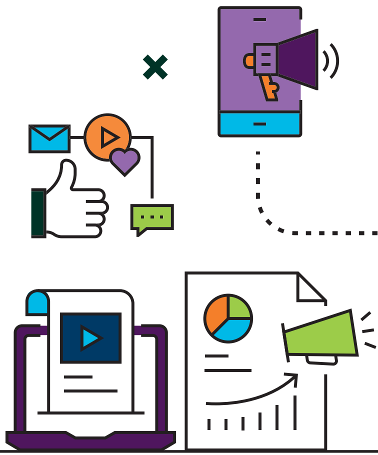
An update on pensions dashboards

The timetable for launching pensions dashboards has been pushed back to give the pensions industry more time to get ready for this major project.

The earliest dates for larger schemes to connect to the pensions dashboards will be 30 April 2025, and smaller schemes have been given a deadline of September 2026.

When it's launched, the dashboard will provide a single place where you can get information about all your retirement savings across all schemes, as well as track down any lost pension pots.





When did you last review your Expression of Wish form?

An Expression of Wish form takes only a few minutes to fill out but can save your family hours of heartache. This form lets the Trustees know who you would like to receive any lump sums payable from the Scheme on your death. Currently, this money is paid out free from inheritance tax, although the government has announced that unused pension pots will form part of an individual's estate for inheritance tax purposes from April 2027. Create a new nomination or update an existing nomination by completing an Expression of Wish form on PRISM, or ask Hymans Robertson to send you a copy.

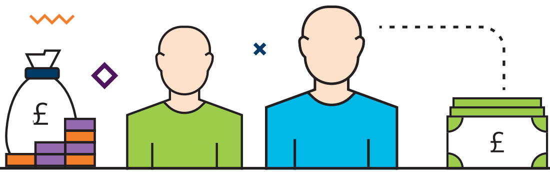
Knowledge bank: **Join the dots to retirement**

For many people, retirement is no longer a STOP date, but instead marks a progression to a new way of life that, for some, can include part-time working or even a complete career change in later life.

Review how much money you'll need

If you're not sure how much you'll need, you're not alone. Luckily, the Pensions and Lifetime Savings Association has researched how much income people need each year in retirement to have a minimum, moderate or comfortable standard of living. These are today's amounts (and were updated recently to take account of the rise in the cost of living), but to have the same spending power when you retire, you'll also need to allow extra for future inflation. You can log in to PRISM to see how your estimated pension at retirement measures up.

minimum covers all your needs with some left over for fun	**moderate** more financial security and flexibility	**comfortable** more financial freedom and some luxuries
£12,800 For a single person (per year)	**£23,200** For a single person (per year)	**£37,300** For a single person (per year)
£19,900 For a couple (per year)	**£34,000** For a couple (per year)	**£54,500** For a couple (per year)



To find out more, visit
www.retirementlivingstandards.org.uk

Where can you save money?

If you're on a fixed income, it makes sense to save cash where you can. If you're married or in a civil partnership, you might want to check if the marriage allowance would reduce your (or your partner's) tax bill. This is where the non-taxpayer can transfer 10% of their personal tax-free allowance every year to their partner or spouse. This can be backdated, up to four years if applicable. Find out more on the government website **www.gov.uk** and search for 'marriage allowance'.

Don't forget your State Pension

Most people will be eligible for some State Pension, based on their National Insurance (NI) record. You need at least 10 years of NI credits to receive the basic level – and, if your retirement income is very low, you might also be able to apply for a top-up called Pension Credit. Pension Credit is useful because it helps unlock many other benefits – for example, Winter Fuel Allowance and a free TV licence.

The State Pension Age has been under review in recent years, so the earliest you can claim yours will depend on the year you were born. You can find out what your State Pension Age is at **www.gov.uk/state-pension-age** or call the Future Pensions Centre on 0800 731 0175.

Time to take advice?

If you'd like to get some help making this life-changing decision, you can find a regulated financial adviser local to you on the government's MoneyHelper website (**www.moneyhelper.org.uk**) and search 'Find a retirement adviser'. If you have AVCs or some other defined contribution pension pot, you can use the free Pension Wise guidance service, also available through the MoneyHelper website.

The Financial Conduct Authority regulates financial markets and the companies which provide financial services in the UK. You can use its register to check that the company or person you're dealing with is listed and authorised to provide specific financial services: **https://register.fca.org.uk**

Knowledge bank: **Tax and your pension**

When you apply to take your pension from the Scheme, you need to choose a pension start date; this is when you officially become a pensioner in the Scheme, but it's not always the day you get your first pension payment.

In our Scheme, pensions are paid on the 21st of each month and are in respect of that calendar month, therefore the pension is paid three weeks in arrears and one week in advance.

HMRC might apply an emergency tax code to your initial pension payment, so you'll probably end up paying more tax than you should at the start, but this should settle down (and you can also reclaim any tax overpaid).

If you take a tax-free lump sum, it will usually be paid on your chosen retirement date (so, on the 21st in the above example, unless it falls on a weekend or bank holiday).

Please give the Scheme administrator at least three months' notice of your chosen pension start date. Otherwise, you may experience delays in receiving your pension.

Once you start receiving your pension, you'll become a Scheme pensioner. At that point, you will be able to see your gross and net monthly pension payments, generate your pension P60 online each April, and have access to your full P60 and payslip history on PRISM.

Know the **finances**

The table shows a summary of the payments into and out of the Scheme during the year to 31 March 2024.

The information on these pages has been taken from the Scheme's annual report and accounts. They have been audited by Crowe UK LLP, who have confirmed it provides a true and fair view of the Scheme's finances. You can ask Hymans Robertson for a full copy of the accounts.

Financial overview

MONEY IN	£'000
Company contributions	1,200
Total money in	**1,200**

MONEY OUT	£'000
Benefits paid to members	(5,592)
Administrative and investment expenses	(48)
Total money out	**(5,640)**

Value of the Scheme at 31 March 2023	£119 million
Money in less money out	(£4 million)
Change in market value of investments	(£1 million)
Value of the Scheme at 31 March 2024	**£114 million**

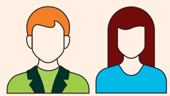
During the year ended 31 March 2024, the assets of the Scheme decreased from £119m to £114m.

Know the **membership**

Deferred members
248
(2023: 270)

Pensioners
437
(2023: 422)

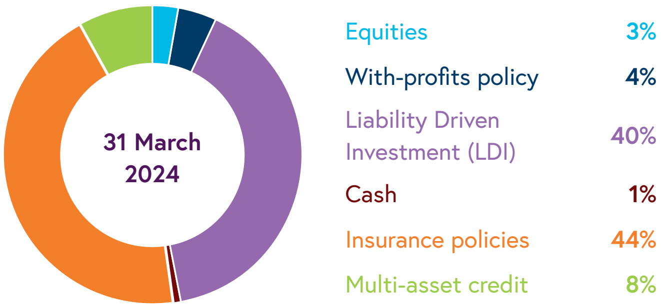
Total **685** (2023: 692)



Know the **investments**

The Trustees are responsible for investing the assets of the Scheme, in order to be able to meet the Scheme's future pension payments.

The chart shows how the assets were invested as at 31 March 2024.



The insurance policies are held with Just and Pension Insurance Corporation (PIC) and cover some of the pensioner liabilities. The Scheme receives an income from the insurers that exactly matches the pension payments that are needed. In 2024, the insurance policies paid £4 million into the Scheme.

Investment performance

The table below compares the Scheme return against the benchmark return over the 12 months and three years to 31 March 2024.

One year (%)		Three years (% p.a.)	
Scheme	Benchmark	Scheme	Benchmark
(5.2)	(5.2)	(11.6)	(10.6)

Responsible investment

As long-term investors, making sure the Scheme's assets are invested responsibly and sustainably is important to the Trustees, and we want to invest in order to pay benefits in a way that takes into account broader environmental, social and governance (ESG) concerns. Their approach is set out in the Statement of Investment Principles, which is available online or on request to the Scheme administrator.

Find it online
www.theiet.org/media/rdmhisc5/iet-superannuation-and-assurance-scheme.pdf

Know the **funding**

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's a summary of the funding position at the last valuation and how this compares with the latest check-up.

Assets

The value of the Scheme's investments.

31 March 2024 Funding check

£113.5m*

31 March 2022 Valuation

£120.1m

Liabilities

The estimated costs of providing members' benefits.

31 March 2024 Funding check

£111.6m

31 March 2022 Valuation

£118.6m

Surplus/(Shortfall)

The difference between the assets and the liabilities.

31 March 2024 Funding check

£1.9m

31 March 2022 Valuation

£1.5m

Funding level

The assets as a percentage of the liabilities.

31 March 2024 Funding check

102%

31 March 2022 Valuation

101%

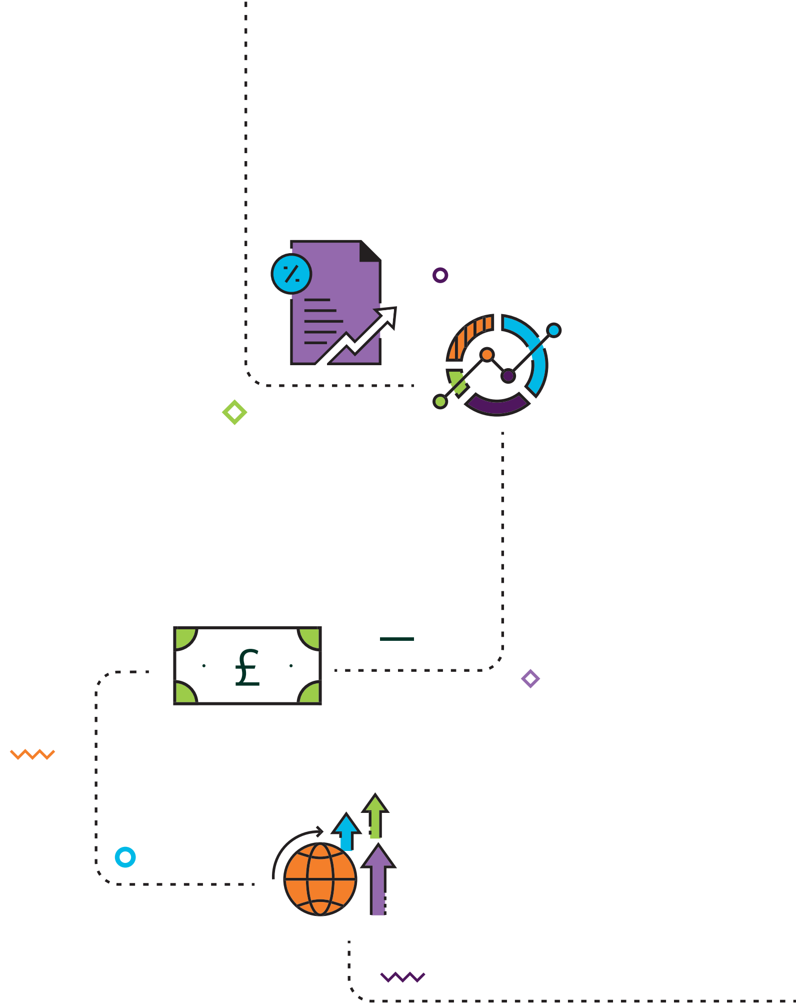
*The assets on the funding basis are valued slightly differently to the assets in the Scheme's accounts, which explains the slight difference.

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 you can see, as at 31 March 2024 the funding level had improved from 101% to 102%. The assets of the Scheme have decreased as a result of benefits being paid from the Scheme coupled with a rise in yields on government bonds, but the value of liabilities also decreased (and by more) – so the overall position has improved.

As part of the 31 March 2023 valuation of the Scheme, the Institution agreed to continue making contributions of £1.2 million per year until 31 March 2024. The next valuation on 31 March 2026 will identify whether any further contributions are required.



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.

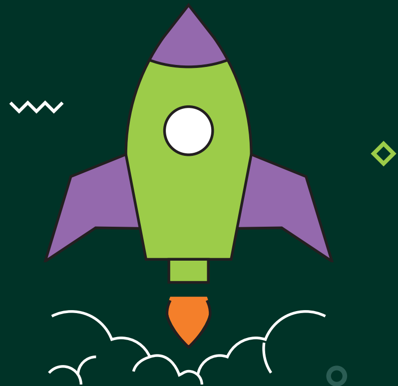
Securing benefits in this way is expensive. The estimated cost to ensure that all members' benefits could be paid in full if the Scheme wound up on 31 March 2023 was £135.1 million, resulting in a shortfall of £13.3 million compared with the value of the assets on the same date. If there is not enough 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**

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

Regulations require us to confirm whether the Institution has taken any money out of the Scheme in the last 12 months. We are happy to confirm it has not. We also have to confirm that the Pensions Regulator has not used its powers in relation to the Scheme over that period.



Want to **know more?**

If you have any questions about the Scheme or your benefits, or if you need to let us know about a change to your personal details, please contact Hymans Robertson, the Scheme administrator.

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Keep in touch!

It is essential that you remain in contact with us, notifying us of any change of address or difficulty with delivering post to you. If you are receiving a pension from the Scheme, lack of contact from you may result in your pension being suspended. If you are not yet receiving your pension and we do not have your up-to-date address, this could cause delays when your benefits become payable. You may also miss out on receiving important communications from us. If you would like to provide us with your email address, this may help if we are unable to contact you by post.