

Member Update



Chairman's update



Welcome to the latest Update for the Plumbing & Mechanical Services (UK) Industry Pension Scheme (the Scheme).

The last year has been challenging for everyone and I hope that you, your friends and family are safe and well.

Inside you will find a summary of the Scheme's funding position, accounts and how the assets of the Scheme are invested, along with further information and news which I hope you will find useful.

If you have not yet retired, this Update accompanies your Annual Certificate of Pension Credit. Your certificate sets out the amount of pension you will receive each year in today's money if you retire on your 65th birthday. If you have any questions about your certificate or your benefits in the Scheme, please contact us using the details on page 12. I also remind

you to remain vigilant for pension scams – see page 9 for more information.

The Covid-19 pandemic tested our resilience in ways few could have expected. We were able to continue paying pensions and operated close to normal, with most staff working remotely from home. The Trustee has closely monitored the Scheme's funding position, investment performance, employer covenant and communications during the crisis, while also ensuring that work on important projects continues.

During the year, the actuary completed the three-yearly funding valuation, which you can read more about on page 4.

We also began a significant project to review and modernise the Scheme's governance structure – see page 5 for more information.

It is really important to have a strong and capable team that can dedicate the time required to run the Scheme. I would like to thank the Board of Directors, our staff and our team of external advisers who have worked hard over the year to make sure members receive the benefits to which they are entitled. I would like to express particular thanks to Andrew Beaumont, who resigned as Director in July 2021, and to welcome Garry Forster and Rudi Klein, who joined the Board in November 2020 and Susan Andrews who joined the Board in September 2021.

Please remember to tell us when your contact details change. If you think the details we hold for you are out of date,

please get in touch using the contact details on page 12.

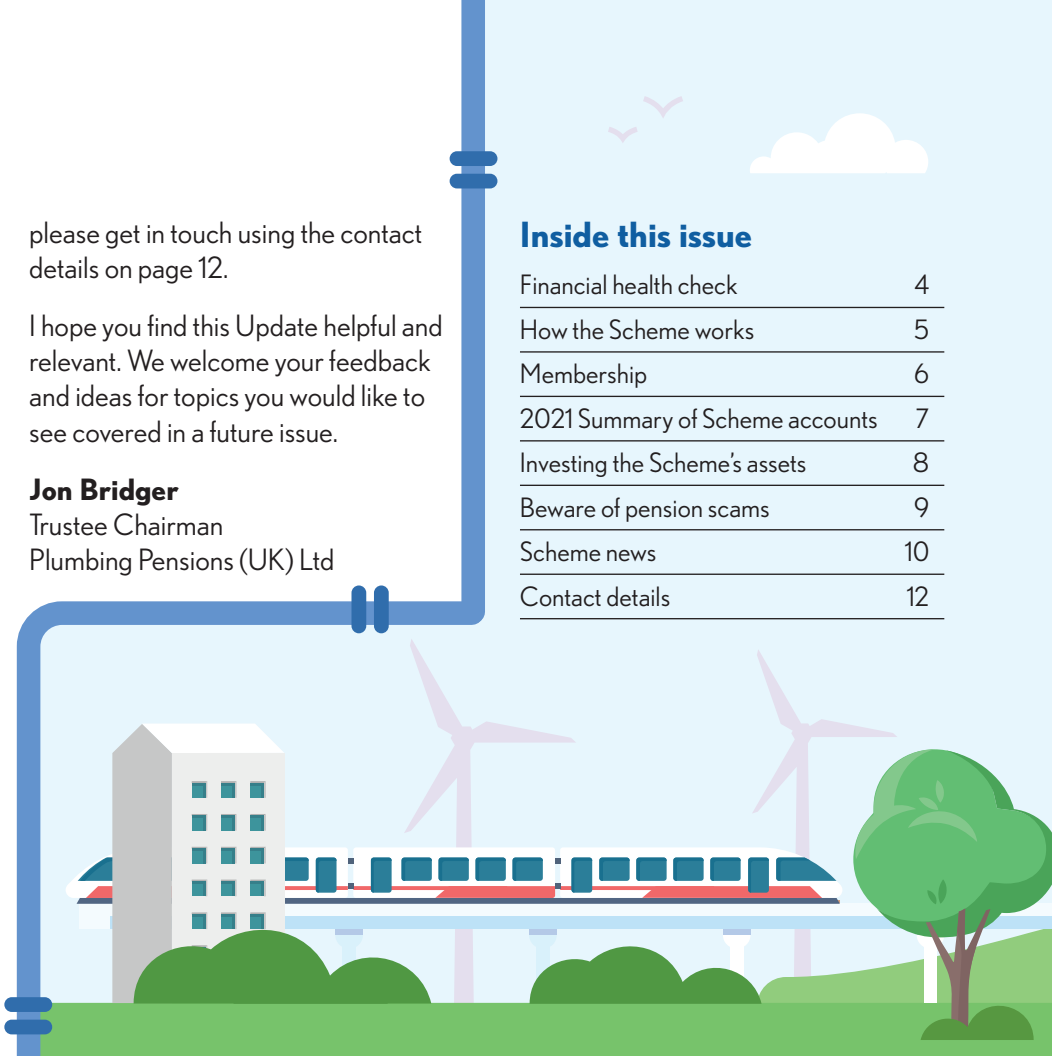
I hope you find this Update helpful and relevant. We welcome your feedback and ideas for topics you would like to see covered in a future issue.

Jon Bridger

Trustee Chairman
Plumbing Pensions (UK) Ltd

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Financial health check

The Scheme has a formal financial assessment (called an actuarial valuation) at least once every three years.

The latest actuarial valuation was carried out as at 5 April 2020 and showed that the Scheme's assets covered 99% of the Scheme's liabilities, equating to a shortfall of £31 million.

The Trustee consulted employers and a Recovery Plan was agreed to eliminate the shortfall by November 2027 through the assumed outperformance of the Scheme's assets relative to the assumed prudent investment return in the valuation. Employers do not need to pay deficit recovery contributions as part of this Recovery Plan.

In the years between formal valuations, the actuary reviews the Scheme's funding position, but these check-ups are less detailed. A check-up was carried out at 5 April 2021 and this showed that the Scheme had a funding level of 99% and a shortfall of £12 million. Over the year, the Scheme's assets changed by a similar amount to the Scheme's liabilities due to the hedging strategy in place.

Other information

The Trustee has agreed a new long-term objective to take reasonable steps to secure members' benefits in full through an appropriate external vehicle at the earliest possible opportunity without taking excessive risk. The Trustee is considering how to achieve this objective in practice, with help from its advisers. We will send you further information in a future Update.

A pension scheme is a long-term arrangement. The actuary is required to look at the Scheme's financial position in the hypothetical situation that it had discontinued at 5 April 2020 and had to secure members' benefits with an insurance company. It does not imply that there is any intention to discontinue the Scheme.



On this 'solvency' basis at 5 April 2020, the assets were estimated to cover around 79% of the liabilities. This is lower than the ongoing funding level because insurers are obliged to take a very cautious view of the future and need to make a profit. By contrast, the ongoing basis assumes that the Participating Employers will continue to exist and support the Scheme, which can therefore adopt a less cautious investment strategy than an insurance company.

The actuary has also reported on the financial position of the Scheme if it wound up and applied for entry to the Pension Protection Fund (PPF). The Scheme needs to submit this information to the PPF to determine the levy it pays. The PPF requires the actuary to use certain assumptions and calculate members' benefits in a prescribed way. At 5 April 2020, the Scheme was 86% funded on this basis.

How the Scheme works

The Plumbing & Mechanical Services (UK) Industry Pension Scheme was set up in 1975 and the governance structure is largely unchanged since then. While it has served the Scheme well, it requires modernisation to reflect the current environment and make it fit for the future.

The Trustee, employer trade associations and union that jointly agree the Scheme's rules recently asked an independent adviser to review the Scheme's governance structure and recommend ways to improve it. The aim of the review was to establish a transparent and efficient decision-making structure, which has clear lines of communication and avoids conflicts of interest.

The adviser looked at how the Trustee Board operates, how employers are represented and the role of the Administration Company and recommended changes to improve how the Scheme works.

We have sent you a separate leaflet with more information about the changes we would like to make and to seek your feedback on our plans.

You can join a webinar on 9 December to find out more. Please register on our website.

Membership

Members who leave the Scheme but who do not retire immediately are called deferred members. The Scheme also provides benefits to many thousands of pensioners and their beneficiaries.

At 5 April, the number of members in the Scheme was:

	2021	2020
Deferred members	19,701	20,545
Pensioners & beneficiaries	13,107	13,021
Total	32,808	33,566



2021 Summary of Scheme accounts

The table below provides a summary of the Scheme's income and outgoings for the year ended 5 April 2021.

There is very little income because members and employers stopped paying contributions when the Scheme closed to new contributions on 30 June 2019. The Scheme receives most of its income from its investments, which includes a bulk annuity policy that covers most of the pensioner payroll.

The Scheme's outgoings include benefit payments of pensions, lump sums, death benefits, transfers to other pension schemes and payments towards the Scheme's running costs.

If the actuary identifies a funding shortfall in a future valuation of the Scheme, the employers may need to pay money into the Scheme to remove the shortfall.

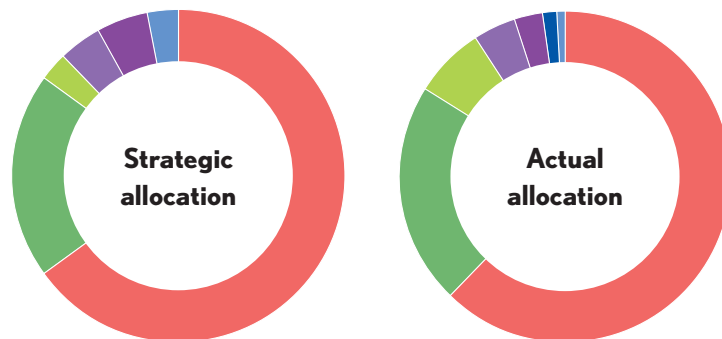
	£m
Fund at 5 April 2020	2,218
+ Total income for the year	0
- Total outgoings for the year	63
+ Net returns on investment during the year	70
=	
Fund at 5 April 2021	2,225

Investing the Scheme's assets

One of the Trustee's most important duties is to invest the Scheme's assets. The Trustee takes advice from a professional investment consultant, who helps it set a suitable investment strategy and monitor the Scheme's investment performance.

Over the year to 31 March 2021, the Scheme's assets, excluding the bulk annuity insurance policy, achieved a return of 1.9%. This was 0.1% below the target set by the Trustee and its consultant.

This chart shows how the Scheme's assets were split between different investment types at 5 April 2021, excluding AVCs which are held separately. Over the year, the Scheme continued to move towards the long-term investment strategy shown here.



	Strategic allocation	Actual allocation
● Liability-driven investment	65%	62.3%
● Credit	20%	21.8%
● Property	3%	6.9%
● Public equities	4%	4.2%
● Inflation-protecting illiquid assets	5%	2.7%
● Cash	0%	1.5%
● Illiquid assets	3%	0.6%

*Liability-driven investment (LDI) is an investment strategy that aims for the assets of the Scheme to change in value in a similar way to the liabilities of the Scheme.

Beware of pension scams

Scammers use various tactics to get hold of your money. Some scams are easy to spot and avoid, but others are much more sophisticated. Knowing what to look for is one of the best ways to protect yourself:

- If it sounds too good to be true, it probably is.
- Be suspicious if you are pushed into making a quick decision. Any legitimate company who calls you won't mind if you hang up and call them back later. Scammers won't want you to have time to think about it or seek help.
- There has been a ban on cold calling about pensions since January 2019. This means you should not be contacted by any company about your pension unless you've asked them to call.
- If you receive an unexpected email, always check the address. If it's a scam, the email address might not match up with the company's name and may include misspellings or random numbers.
- Scammers can make their telephone numbers look like one you trust, such as your bank or pension company. This is known as number spoofing. Don't be afraid to contact the company directly to check if the message is real.

We will never make unsolicited calls to you or ask for personal financial information such as bank details. If you receive an unexpected call, make sure you don't hand over any personal details.

If you think you might have fallen victim to a scam:

- Contact Action Fraud on 0300 123 2040. In Scotland you should report the scam to Police Scotland on 101.
- Beware of follow-up scams.
- Check your credit file.

For more information about pension scams and how to avoid them, go to www.fca.org.uk/scamsmart or www.thepensionsregulator.gov.uk/en/pension-scams

Scheme news

Your benefits in the Scheme

If you are yet to retire, then details of your benefits in the Scheme can be found in your Annual Certificate of Pension Credit.

Your benefits in the Scheme are normally taken at age 65 but can be taken earlier or later than this. There may also be pension and lump sum benefits payable to your loved ones in the event of your death. The Trustee decides who will receive these death benefits, but they will take into account your wishes. To help the Trustee make sure the right people receive these benefits, please make sure your expression of wishes form is up to date. You can download a form from our website or contact our helpline: 03457 65 65 65. You do not need to complete an expression of wishes form if you retired more than five years ago.

Retiring from the Scheme?

If you haven't retired, you will have many important questions as you approach retirement, such as 'when should I take my retirement benefits?' and 'what are my options?'

Preparation is key to a successful retirement journey. The Certificate of Pension Credit we send you each year will illustrate the pension you could get when you retire. We will also send you a retirement pack six months before your Normal Retirement Date (your 65th birthday). It's important that you tell us if your personal circumstances change so we can stay in touch with you.

We're aware that financial decisions relating to retirement can seem daunting. That's why we have a dedicated team of trained customer services representatives on hand to talk you through your options. We don't set a limit on the length of calls, to make sure we give the right level of support to each caller. We welcome feedback on our service - good and bad - because we're always looking to improve the way that we do things. Here are a few comments we received recently:

'Wow, the service you provide is totally second to none'. Mr F

'If I had to pick out the best service I have ever received from a company, then it would be Plumbing Pensions'. Mr A

It means a lot to the team, so *thank you!*

Minimum retirement age to increase

The government has recently confirmed that the minimum retirement age will increase from 55 to 57 in April 2028. You will still be able to take your Scheme benefits before the minimum retirement age if you are in ill health.

Your State pension

Do you know how much your State pension will be, when you can get it or how to increase it? A recent survey by retirement specialist Just Group revealed that almost four in ten people failed to check their State pension forecast before retirement. You can find out how much State pension you could get here:

www.gov.uk/check-state-pension

MoneyHelper

MoneyHelper is the new name for the government's three financial guidance providers, the Pensions Advisory Service, the Money Advice Service and Pension Wise, which have been merged into a single organisation. MoneyHelper aims to help make your money and pension choices clearer, with free impartial guidance that's easy to use and backed by the government. It cuts through the jargon and complexity to explain what you need to do and how you can do it.

Go to www.moneyhelper.org.uk for more information and to get help online, over the phone or face to face.



Contact details

Please contact us if you have any questions about your Scheme benefits or if you would like a copy of any Scheme documents:

Through our website: www.plumbingpensions.co.uk

By telephone: 03457 65 65 65

By email: info@plumbingpensions.co.uk

By post: Plumbing Pensions (UK) Ltd, Bellevue House,
22 Hopetoun Street, Edinburgh EH7 4GH

Scheme documents

You can ask for a copy of key Scheme documents including the Report & Accounts, the Statements of Funding and Investment Principles, the Schedule of Contributions and the annual Scheme funding reports.

Help with your pension

We cannot give you individual advice. You may find these websites useful:

Government-backed advice on pensions, money and debt

www.moneyhelper.org.uk

Find a trusted independent financial adviser

www.vouchedfor.co.uk

The Pension Protection Fund:

www.ppf.co.uk



Designed and produced by Wordshop
Our environmental and data protection policies can be seen online.
www.wordshop.co.uk

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