CompassPensions

Pension TIME

The headlines	2
Welcome back	3
Plan news	4
Spotting a scam	6
Actuarial update 2024	7
Report and accounts	10
Investment update	12
Access your pension online	14

NEWSLETTER FOR DEFINED BENEFIT MEMBERS OF THE **COMPASS GROUP PENSION PLAN**

December 2024 **Issue 15**

Plan news

New limits on tax-free benefits. **Page 4**

Actuarial update 2024

The funding position has improved to 120%. **Page 7**

MyPension

See how you can use the site to manage your pension. **Page 14**

The headlines

If you're short on time and just want the headlines, then here's what you need to know:

Ensuring future security

The Plan has purchased a buy-in policy with **Standard Life**.

See page **5**

MNTD Selection

Newly selected Trustee: Mark Childs

Wayne Bowen, Jane Dean, Helen Javanshiri, Rachel Morgan and Allan Walton were re-selected.

See page **5**

Actuarial update

5 April 2024

120% £ £ £ £ £ £ **funded**

Funding position continues to improve

See pages **7 to 9**

Plan statistics

DB Section: assets

£1,866.75m

CRISP Section:

£184.26m

See page **10**

Digital update

9,699

members registered on MyPension

See page **14 and 15**

Welcome back

This year has been eventful with some changes to the Plan and pensions in general.

You may remember last year we shared some news that the Company was proposing to consolidate the Compass Retirement Income Savings Plan (**CRISP**) into the Plan and create a new CRISP section. We can confirm that CRISP was successfully consolidated into the Plan.

Earlier this year we invited applications for the Member Nominated Trustee Director (**MNTD**) vacancies that had become available on the Board. We're pleased to announce the appointment of six MNTDs, consisting of three Defined Benefit (**DB**) members and three CRISP Section members. You can read more on **page 5**.

From 6 April 2024, new rules were introduced affecting how much you can withdraw from your pension without paying tax. You can read more about these changes on **page 4**.

Following the General Election in July 2024, the new Labour Government announced its first Budget on 30 October 2024. There were not many pensions-related changes in the recent Budget, but a consultation will be taking place on whether some pension benefits that are passed over when someone dies should be included within Inheritance Tax. This consultation is due to run until January 2025. We will update you in future newsletters if any changes are confirmed.

We hope you enjoy reading Pension Time.

Dear member

The 2024 edition of Pension Time is our opportunity to update you on what has happened in the DB Section of the Plan over 2024.

We welcome any feedback or questions you have, just email pensions@compass-group.co.uk You can also contact our administrators using the details below.

XPS Group

PO Box 562
Middlesbrough
TS1 9JA

01245 673502

compassadminteam@xpsgroup.com

Plan news

New limits on tax-free benefits

As of 6 April 2024, the Government has abolished the Lifetime Allowance, and since the last edition of the newsletter, has made some more changes that affect pensions.

Whilst the Lifetime Allowance has been removed, the Annual Allowance remains in place. The Annual Allowance limits the amount of pension savings you can build up tax efficiently. There are also some new limits on the tax-free benefits you can take from the Plan.

Lump Sum Allowance

When you retire, you can usually take up to 25% of your benefits as a tax-free lump sum. This is now limited to £268,275.

Lump Sum and Death Benefit Allowance

No more than £1,073,100 of tax-free lump sum and death benefits can be paid to you or your beneficiaries. This includes:

- The tax-free cash covered within the Lump Sum Allowance
- Serious Ill Health Lump Sums
- Lump Sum Death Benefits that are not currently taxable

Overseas Transfer Allowance

You can transfer up to £1,073,100 to a Qualifying Recognised Overseas Pension Scheme before needing to pay a tax charge.

The Overseas Transfer Allowance is in addition to the other two allowances.

Most members will not be affected by these new allowances, and the changes do not affect any benefits already taken.

Members with Lifetime Allowance Protection, as well as those with Lifetime Allowance Enhancement Factors, are likely to keep their current protection levels under the new allowances. If this applies to you, you should take impartial financial advice on how these fit with the new allowances. If you need advice, you can find an FCA-approved financial adviser on MoneyHelper at www.moneyhelper.org.uk (search **Choosing a financial adviser**).

You can find out more at www.gov.uk/tax-on-your-private-pension/lump-sum-allowance

Ensuring the future security of members' benefits

The Trustees have worked closely with the Company to ensure the financial security of the Plan so that all members receive their full benefit entitlement. As part of this, the Trustees have been considering buying an insurance policy to secure most of the Plan's benefits. This improves security for Plan members because the payments the Plan needs to make to members are matched by payments from the insurance policy. This significantly reduces the risks to the Plan from falls in the investment market or our members living longer than we expect.

This sort of insurance policy is referred to as a 'buy-in' insurance policy.

After careful consideration the Trustees have chosen Standard Life as the most suitable insurer for the Plan and the Plan has used assets to pay a premium to Standard Life to cover most of the benefit payments due. The Trustees remain responsible for paying the benefits due to all members and beneficiaries, and the benefit payments will continue to be administered by the Plan's administrators, XPS, although they may be funded by income payments from Standard Life.

You will receive a letter from us with more details if your pension is to be covered by the income from Standard Life.

It's important to note that the insurance policy does not affect your benefit entitlement from the Plan and, where your benefits are already in payment, pension payments will continue to be paid each month in the usual way.

Defined contribution benefits (including those for CRISP Section members) are not covered by the insurance.

Welcome to your new Member Nominated Trustee Directors

The Trustees were pleased to receive a high number of applications from members of both the DB and CRISP Sections of the Plan, and six were successfully selected as Member Nominated Trustee Directors (**MNTDs**).

The Trustees have re-selected Wayne Bowen, Jane Dean, Helen Javanshiri, Rachel Morgan and Allan Walton and have selected one new MNTD, Mark Childs.

You can find a summary of their personal statements here: www.compass-pensions.co.uk/group_pension_plan/active/meet_the_trustees

Pensions Dashboards

Most people have pension benefits and savings held across multiple schemes, and the Government wants everyone to be able to see everything in one place online to help with retirement planning. To enable this, new 'Dashboards' will be launched from October 2026 where you'll be able to view all your pension benefits, including State Pension information, securely in one place. The expectation is that it will only show your pension benefits that aren't being paid yet.

You can read more about the project at www.pensionsdashboardsprogramme.org.uk

GMP equalisation

Following the High Court judgements in 2018 and 2020 regarding the equalisation of Guaranteed Minimum Pension (**GMP**) benefits, the Trustees have been working with their advisers to determine how members will be affected. You can read more detail about the High Court judgements in our previous newsletter in December 2022.

The project to complete GMP equalisation is progressing, and we anticipate the calculations will be completed and adjustments implemented during the first quarter of 2027. This timescale reflects the large, complex nature of this project, along with the resource constraints of the provider, as many pension schemes are undertaking similar projects at the same time as the Plan.

Spotting a scam

The Trustees use the XPS Scam Protection Service, set up and run by XPS Group, to help protect you from the risk of scams if you ask to transfer your benefits out of the Plan. *But do you know how to spot a scam yourself?*

The National Cyber Security Centre (**NCSC**) has put together some helpful guidance on how to spot scam messages and calls. Scammers try to pressure you into acting quickly without thinking, so it's important to be aware of the tactics they use.

Authority

Is the message claiming to be from someone official, like your bank, doctor, a solicitor, or a Government department? Criminals often pretend to be important people or organisations to trick you into doing what they want.

Urgency

Are you told you have a limited time to respond (such as 'within 24 hours' or 'immediately')? Criminals often threaten you with fines or other negative consequences.

Emotion

Does the message make you panic, fearful, hopeful or curious? Criminals often use threatening language, make false claims of support, or tease you into wanting to find out more.

Scarcity

Is the message offering something in short supply, like concert tickets, money or a cure for medical conditions? Fear of missing out on a good deal or opportunity can make you respond quickly.

Current events

Are you expecting to see a message like this? Criminals often exploit current news stories, big events or specific times of year (like tax reporting) to make their scam seem more relevant to you.

Remember, any official sources will never ask you to supply personal information via email or call to ask you to confirm your bank account details. If you suspect someone is not who they claim to be, hang up or stop contact, and get in touch with the organisation directly. Don't use the contact details in the email, letter or text - instead go to the organisation's official website and use the details listed there.

If you want to find out more on how to spot scams and report them, go to: www.ncsc.gov.uk/collection/phishing-scams/spot-scams

You can also read more about the warning signs at: www.mypension.com/compass/scams

Actuarial update 2024

Each year we provide you with a Summary Funding Statement to let you know about the financial security of the Plan's Defined Benefit (DB) Section.

This statement provides details of the formal three-yearly Actuarial Valuation, which took place as at 5 April 2022, along with the annual updates on 5 April 2023 and 5 April 2024.

The purpose of the Actuarial Valuation is for us to work out:

- The expected cost of providing all benefits built up by members at the valuation date (the Plan's ***liabilities***) and compare this against the money held by the Plan to pay for these benefits (the Plan's ***assets***).
- A plan for making up any shortfall if the Plan has fewer assets than liabilities.
- The contributions needed to cover the cost of the benefits that active members will build up in the future, and other costs of running the Plan.

What are the Plan's liabilities?

There are active, deferred and retired members that the Plan must pay benefits to, both now and in the future.

- **Active** members will continue to earn benefits in the Plan each year, linked to Pensionable Pay.
- **Deferred** members have stopped building up benefits in the Plan. The benefits they earned will be payable when they retire.
- **Retired** members receive a pension from the Plan.

Plan security

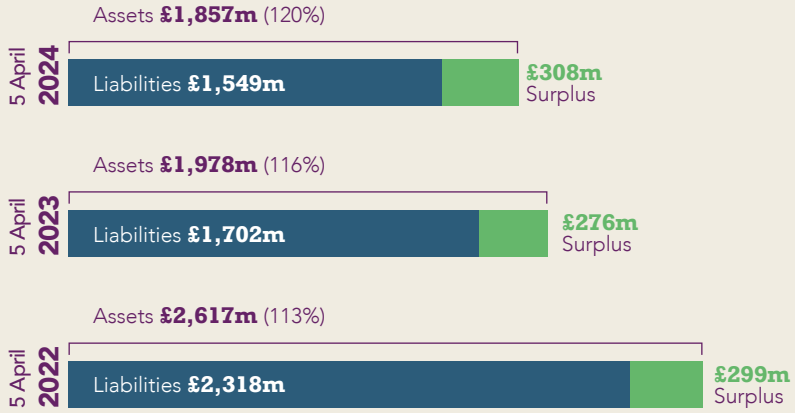
To check the Plan's financial security, we compare the value of its liabilities to its assets.

Liabilities – The estimated cost of paying members the benefits that they have built up.

Assets – The amount of money the Plan holds (including contributions collected from active members and the Company) to pay for the benefits for all members when they're due. The assets are held and invested in pooled investments, not in separate funds for each member.

We now have the results of the annual update in 2024, which we can compare to the formal Actuarial Valuation results from 2022 and the annual update from 2023.

The funding position has continued to improve since the 2022 valuation.
At 5 April 2024, the Plan had a surplus of **£308m** and a funding level of **120%**.
At 5 April 2022, the Plan had a surplus of **£299m** and a funding level of **113%**.



Since 5 April 2022, you can see the funding level has improved by **7%** and the surplus has increased by **£9 million**.

Why has the position changed?

The improvement in the Plan's funding level is predominantly due to a rise in gilt yields. The Plan's matching assets moved broadly in line with the decrease in the value of the Plan's liabilities.

Taking into account the changes to market conditions and the reduction in the overall size of both the Plan's assets and liabilties, the surplus increased to £308 million, with an improved funding level of 120%.

How much money does the Plan need?

Our goal is for the Plan to be 100% funded on an ***ongoing*** basis (shown on **page 8**), which assumes that the Plan continues to run as it is. This would mean that the Plan is able to meet the expected costs of paying every member their benefits when they're due. However, it doesn't have to meet all those costs in one go, so being less than 100% funded shouldn't be an issue.

Following each Actuarial Valuation, the Actuary tells us how much should be paid into the Plan. We then agree a contribution level with the Company and record it in the ***Schedule of Contributions***.

Is my pension guaranteed?

Our aim is for there to be enough money in the Plan to pay pensions now and in the future, but this depends on the Company carrying on in business and continuing to pay for the Plan when needed.

If the Company goes out of business or decides to stop paying contributions, the Plan may be wound-up. Whilst this isn't likely, if it happened the Plan would need to pay an insurance company to take responsibility for paying all the Plan benefits.

Is the Plan going to be wound-up?

The previous page shows the Valuation results on an ***ongoing*** basis. The ***solvency*** position provides more information on the financial security of your benefits if the Plan were to be wound-up.

This is information we need to tell you, but it does not mean that there are plans to wind-up the Plan anytime soon.

Is there enough money in the Plan if it's wound-up?

The comparison of the Plan's assets to the cost of buying the benefits from an insurance company is known as the ***solvency*** basis. Whilst the Plan is in surplus on an ***ongoing*** basis it doesn't necessarily mean this will be the case on a ***solvency*** basis, as it is very expensive to provide benefits in this way.

This is because an insurance company would:

- Charge a fee to run the Plan
- Take a cautious approach to estimating the cost of paying for the benefits
- Add a profit margin

If the Plan had been wound-up on 5 April 2022, the assets could have paid for the full benefits of all members.

The estimated cost of buying the benefits with an insurance company was **£2,556m** compared to assets of **£2,617m**. So on this particular basis there would be a surplus of **£61m** and a funding level of **102%**.

This compares to a deficit of **£202m** and a funding level of **93%** as at the 2019 Valuation, an improvement of **9%** in the funding level.

Protecting your benefits if the Plan is wound-up

If the Company goes out of business and the Plan doesn't have enough money to buy out the benefits, the Pension Protection Fund (**PPF**) may help.

The PPF is a ***safety net*** fund set up by the Government to protect members of defined benefit pension schemes with insolvent employers.

The pensions that the PPF pays are generally lower than the full benefits that members would have received from their pension scheme.

If you want to find out more about the PPF go to www.ppf.co.uk

Report and accounts

Here are the highlights from the latest report and accounts as at 5 April 2024.

You'll notice that the report looks slightly different to previous years. The CRISP Section transferred into the Plan on 1 January 2024, so the incomings and outgoings for the CRISP Section shown are from 1 January 2024 to 5 April 2024.

A full copy of the accounts is available by writing to Compass Group Pensions Department at the address on **the back page**.

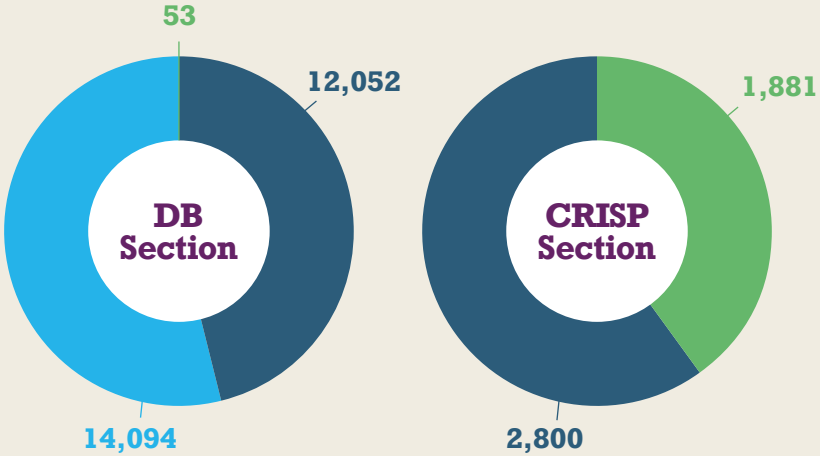
	DB Section	CRISP Section
Fund at 5 April 2023 (£m)	1,987.840	0.000
Investment income	24.235	0.000
Member contributions	0.066	0.099
Company contributions	2.173	0.417
Bulk transfer in	0.000	178.059
Other transfers in	0.051	0.677
Other income	0.005	0.000
Total income	+26.530	+179.252
Pensions and other benefits	-74.257	-0.238
Individual transfers out and payments to leavers	-2.451	-3.146
Investment management expenses	-0.162	-0.095
Administrative expenses and other payments	-6.336	-0.000
Total outgoings	-83.206	-3.479
Change in market value of investments	- 60.960	5.026
Transfers between sections	- 3.458	3.458
Fund at 5 April 2024 (£m)	1,866.746	184.257

Membership

Plan membership at 5 April 2024

	DB Section	CRISP Section
Active	53	1,881
Deferred	12,052	2,800
Pensioner	14,094	0
Total	**26,199**	**4,681**

*Plus **3,384** Residual Protected Rights members.*



Investment update for the DB Section

The Plan's Investment Committee regularly reviews the investment strategy for the DB Section.

The current investment strategy was designed to protect the Plan's strong funding position, maintaining it at a level which would allow the Plan to secure a buy-in with an insurer.

The current investment strategy targets the following asset allocation:

- **12.5%** in ***Corporate Bonds*** managed by M&G
- **87.5%** in ***Matching Assets*** comprising bonds, gilts and other liability matching instruments within the Liability Driven Investment (**LDI**) and Credit Default Swap (**CDS**) portfolios. The LDI and CDS portfolios are managed by Legal & General Investment Management (**LGIM**).

Having now achieved the buy-in, the investment strategy is being reviewed and the target allocation will be updated.

You can find more details about the investment strategy in the Statement of Investment Principles (**SIP**) at: www.compass-pensions.co.uk

Actual asset allocation as at 5 April 2024:

- **6.1%** in ***return seeking*** assets
- **93.9%** in ***matching*** assets

The **next page** shows a full breakdown of the actual asset allocation.

How we invested

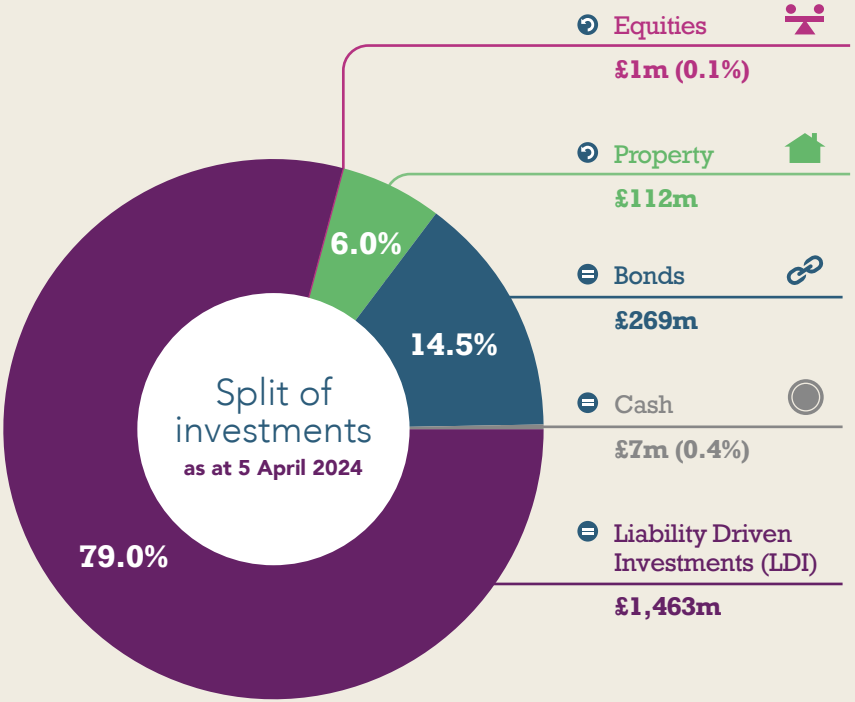
Return seeking assets
Assets that grow at a certain level of risk agreed by the Trustees.

Matching assets
Assets that change in value in a similar way to the value of the Plan's liabilities.

Bonds and gilts
Loans to a company or government.

Equities and Property are return seeking assets.

LDI, Bonds and Cash are matching assets.

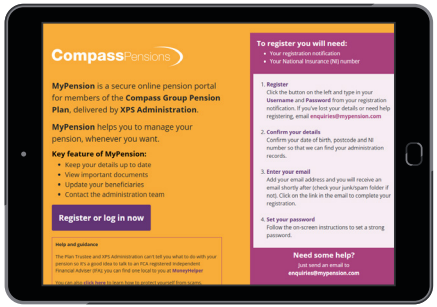


Access your pension online

Did you know you can check and update all your details online? If you haven't already, why not register on MyPension and start viewing your pension online today?

To register, go to www.mypension.com/compass and use the details we provided to you last year. If you've lost your registration details, please get in touch with XPS Group at compassadminteam@xpsgroup.com

If you've already registered, you can view your pension details by logging in at www.mypension.com/compass



Keeping us up to date

It's really important to let us know about any marital status and contact information changes so that we can ensure you continue to receive any communications about your benefits.

You should also review your **beneficiary nominations** to make sure they will reflect your wishes. This is because a lump sum benefit may be payable from the Plan, if you die. You can nominate who you would wish to receive this payment and (although it's not legally binding) the Trustees will take account of your wishes when deciding who to pay it to.

You can easily view and update your nominations by logging into your account at: www.mypension.com/compass

Do you want to receive communications digitally?

By registering on MyPension you will automatically receive communications from us by email instead of by post.

How registered members are using the MyPension site:

Registered **active**

19

Registered **deferred**

4,717

Registered **pensioner**

4,963

9,699 total registrations

(**33%** of the membership)

Actions since January 2024:

Address changes

180

Beneficiary nomination updates

646

Members have logged in: 7,641 times

www.mypension.com/compass

More support

Administrator's contact details

Compass Group Pension Plan
XPS Group
PO Box 562
Middlesbrough
TS1 9JA

01245 673502

compassadminteam@xpsgroup.com

Trustees' contact details

Compass Group Pensions Department
Parklands Court
24 Parklands
Birmingham Great Park
Birmingham
B45 9PZ

07880 780803 or 07770 646675

pensions@compass-group.co.uk