

# PENSION NEWS

## WHAT'S INSIDE?

Are you missing out?	4
NFU Mutual fund changes	8
Scheme noticeboard	11
Facts & figures	14
Pensions news	16
Running the Scheme	19
Keeping in touch	20





# WELCOME!

Welcome to the latest issue of Pension News, the newsletter for members of the Defined Contribution (DC) Section of the NFU Mutual Retirement Benefit Scheme, bringing you the latest news from the Scheme along with an update about pensions in general.


I'd like to encourage you to review your contributions to the DC Section and think about if you can afford to pay in a little bit more. The Society pays generous contributions which increase the more you decide to pay. This, together with tax relief, could mean that the cost of boosting your savings a little might not be as much as you think. There are further details on page 4, so make the most of your membership of the Scheme and make sure you're not missing out on 'free money'.

If you're thinking about your plans for the future, it's important to adjust your Selected Retirement Age if you don't intend to retire at the Scheme's normal retirement age of 60. Read more about this on page 12.

There have been some changes to the Trustee Board since our last newsletter. Christine Kennedy and Richard Morley both resigned as Trustee Directors and they have been replaced by Kenny Graves and Jonathan Priestley. We thank all our former Trustee Directors for their service to the Scheme and welcome Kenny and Jonathan.

Finally, I hope you enjoy this issue of Pension News. If you have any queries or would like to see a specific topic covered in a future issue, please get in touch using the contact details on the back page.

**Brian Duffin**  
Trustee Chairman



Are you making the most of  
your pension contributions?

Find out more on page 4.

## AT A GLANCE



**5,602**

The number of members  
in the DC Section.

---



**£21.5 million**

The value of contributions  
paid into the DC Section  
in 2018.

---



**11**

The number of investment  
funds that DC members  
can choose from.

---



**80%**

The percentage of  
members using the  
Default Investment Option.

---

# ARE YOU MISSING OUT?

When you join the Scheme and start saving for retirement, the Society also helps you save. The more you decide to contribute, the more the Society will contribute. Make sure you don't miss out on 'free money' by making the most of the Society's contributions – here's how:



When **JOHN** joined the Scheme, he thought he could only afford the minimum contributions – but that was okay because the Society would match them and that would still be an extra 4% of salary being paid into his pension.

John's twin, **JANET**, has realised that she could get a lot more paid into her pension by making contributions at a higher level. Janet has calculated that if she pays the maximum matching contribution of 8% of her salary, the Society will pay 12%.

**JOHN**  
Age: 27  
Annual salary:  
£20,000

**JANET**  
Age: 27  
Annual salary:  
£20,000





Here's how John and Janet's pension contributions compare:

	JOHN	JANET
Monthly employee contribution	4% = £66.60	8% = £133.30
Tax relief included in the monthly contribution	£13.30	£26.60
<b>Actual cost to employee (i.e. the amount deducted from take-home pay)</b>	<b>£53.30</b>	<b>£106.70</b>
Plus NFU Mutual contribution	4% = £66.60	12% = £200.00
<b>Total paid into pension savings every month</b>	<b>£133.20</b>	<b>£333.30</b>

Over a year, that's £1,598.40 going into John's pension and £3,999.60 going into Janet's pension – that's £2,401.20 a year more but it only costs Janet an extra £53.30 a month. Imagine the difference that will make over her working lifetime.

It will have an impact on how soon Janet will be able to retire and the size of her final fund when she gets to retirement.

# ARE YOU MISSING OUT? continued

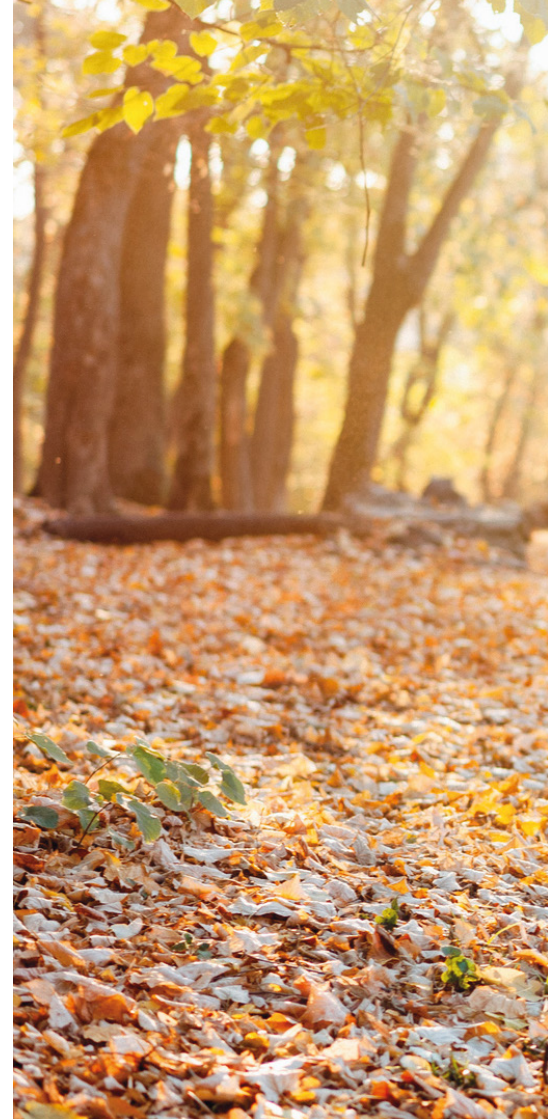
## SMART pension payments

In addition to the tax relief that John and Janet receive on their pension contributions, the Society operates pension contributions on a SMART basis. SMART stands for 'save money and reduce tax' and is a salary sacrifice arrangement. In using SMART, both you and the Society make tax and National Insurance savings.

If John and Janet pay their contributions using SMART, the cost to them of saving into their pensions will be even lower. SMART may not be suitable for everyone - you can find out more by contacting the Payroll team.

## What will NFU Mutual pay into the Scheme for me?

YOU PAY	NFU MUTUAL PAYS	TOTAL
4%	4%	8%
5%	6%	11%
6%	8%	14%
7%	10%	17%
8%	12%	20%





## LOG INTO THE MY REWARD HUB

You can change your monthly contributions at any time through My Reward Hub. There's no need to wait until annual renewal dates. You can also choose to make one-off additional payments at any time, such as when you receive your bonus or to maximise your available tax relief.



# NFU MUTUAL FUND CHANGES

NFU Mutual is making some changes to the Funds you may be invested in. You don't need to take any action as a consequence of these changes, but it's important that you read this information carefully.



## WHAT CHANGES ARE BEING MADE?

In order to ensure that NFU Mutual is best placed to take advantage of future international investment opportunities, it is changing the way it manages international assets within its Funds.

## APPOINTMENT OF EXTERNAL INVESTMENT MANAGERS FOR INTERNATIONAL ASSETS

Currently, all of NFU Mutual's Funds are managed by its award winning in-house investment management team. This includes international assets. Over the past two years, NFU Mutual has strengthened its in-house investment management team and now will enhance this further by using carefully selected external investment management expertise for some of its international investments.

As the breadth of investment opportunities across the globe continues to grow and



the pace of change generally increases, NFU Mutual believes it is appropriate to complement its in-house expertise with specialist external expertise.

NFU Mutual will adopt this revised approach, using a mixture of in-house and external expertise across all of the £4.2 billion international investments managed by the NFU Mutual Group. This will allow NFU Mutual to benefit from significant economies of scale which means it can access this external expertise in a cost-effective way.

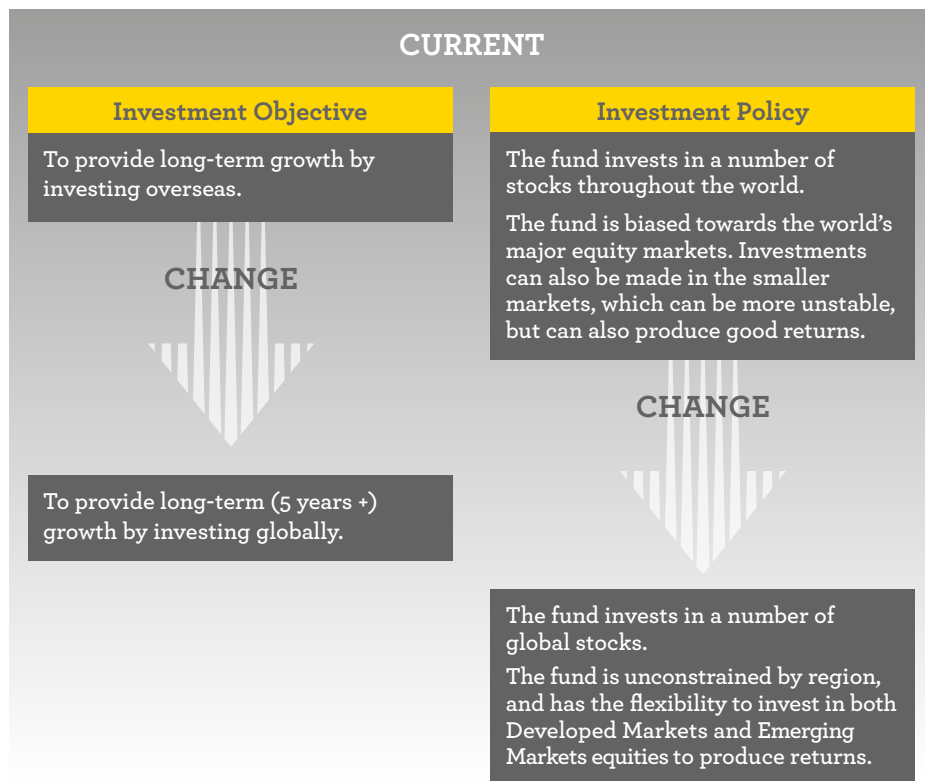
NFU Mutual has carried out an extensive and detailed selection process to identify and appoint a number of leading international investment managers with proven track records in successfully managing assets in different parts of the world.

### INTERNATIONAL EQUITY FUND

There will be some changes to the investment objective and investment policy, as shown here. There will be no change to the risk profile of the Fund.

### OTHER FUNDS

For all other Funds, the changes being made will not alter the investment objective, investment policy or risk profile of the Fund.



# NFU MUTUAL FUND CHANGES continued

## Investment management charges

If you are invested in one of the funds impacted by this change, the charges you pay will increase. The charges you pay for the ongoing management of your Funds in your Personal Account in the Scheme will increase as a result of NFU Mutual using specialist external investment managers to help manage a proportion of the international assets within the Fund.

The increase in the ongoing charge figure (OCF) for each Fund you are invested in is shown opposite. This will vary to a small extent over time depending on what level of investment NFU Mutual makes into the new investments and the cost of those investments.



FUND	INCREASE TO OCF
Mixed Portfolio 40-85% Fund (default fund)	0.06%
International Equity Fund	0.18%

## What do you need to do now?

You don't need to do anything. The appointment of the investment managers was effective from 18 November, and the new charges were effective from the same date.

## Further information

New factsheets for each Fund undergoing changes are available on our website:  
[nfumutual.co.uk/investments/fund-centre](https://nfumutual.co.uk/investments/fund-centre)

If you wish to change how your fund is invested, please complete a Switch and Redirect Investments form or by logging onto Benpal.



# SCHEME NOTICEBOARD



## We're going paperless!

Like many organisations we're conscious of the impact that our actions have on the environment and the legacy that we're creating for future generations. Energy consumption, toner and waste paper are not a positive use of the planet's resources.

To become more sustainable and be responsible for our children and grandchildren's heritage, we've decided that from 2020, your annual benefit statement will only be available online. Currently, in addition to sending you a paper benefit statement, a copy of it is also loaded to the Benpal portal.

Rest assured that your information will still be available should you need to check your benefit statements or provide copies to third parties such as HMRC. It will also be more secure, in that your personal information will no longer be sent via post.

## Benpal

Benpal is a secure website provided by JLT, the Scheme's administrator, where you can also find previous newsletters and Scheme documentation.

You can find it at <https://login.benpal.com>

If you're not already using Benpal, you'll need to register for access and request an activation code. You can do this by calling the dedicated helpline on 0345 450 6954 or emailing the team at [nfumpensions@jltgroup.com](mailto:nfumpensions@jltgroup.com)

If you wish to opt out of online communications and continue to receive paper communications by post, please confirm this in writing to JLT by 31 December 2019.





## WHAT'S YOUR RETIREMENT AGE?

The Scheme's normal retirement age is 60. However, if you continue working for the Society after you turn 60, you can continue to pay into the Scheme and receive contributions from the Society until you decide to retire.

It's important to remember that if you're investing in the default investment fund, which is a lifecycle fund, or if you've chosen to invest in one of the other lifecycle funds, these funds will automatically start to disinvest from equity-based funds (shares) into lower-risk cash or bond funds as the lifecycle profile dictates.

### Make sure you choose a retirement age

If you know you intend to work beyond age 60 but you haven't specified a Selected Retirement Date, this could mean that you will be investing in lower-risk funds (which potentially provide lower investment returns) earlier and for longer than you need to. You could miss out on a longer period of investment growth.

### Changing your Selected Retirement Date

As an active member who is contributing to the Scheme and continuing to work for the Society, you can change your retirement date from the Scheme's normal retirement date of your 60th birthday to one that matches more closely to your intended retirement date. Simply complete and return a Selected Retirement Date form, which you can find on Mutualnet under the Retirement Benefit Scheme Workspace.

Updating your retirement date will mean that the lifecycle funds will correctly target the disinvestment of assets to lower-risk funds at a date to match your retirement date. If you leave the Scheme before reaching your retirement date, your retirement date will revert back to age 60.

### Drawing your benefits from the Scheme

Once you leave employment and are age 60 or over, JLT will contact you with confirmation of your fund value and tax-free lump sum. You will then need to decide how you wish to take your benefits.

## Getting advice

You may need to seek advice about your retirement options and selecting an appropriate arrangement for your benefits to be paid into.

There are Staff Advisers employed by NFU Mutual across the country, who have been granted an additional licence to talk about NFU Mutual's Retirement Benefit Scheme (RBS), who can assist you in this process.

Alternatively, you may already have your own Independent Financial Adviser, or you can find one local to you at [www.unbiased.co.uk](http://www.unbiased.co.uk).

## JLT begins to trade as Mercer

You may have seen in the media that, from April 2019, JLT Employee Benefits, the Scheme's administration provider, became part of Mercer. We would like to advise you that, as part of the integration of the JLT business into Mercer, JLT is now in the process of re-branding all communications with pension scheme members so that all the information that you are used to receiving branded as JLT is going to change to the new blue and white branding of Mercer. It will take some weeks to complete the re-branding exercise and JLT do not expect to use it until early 2020. In the meantime, if you have any concerns, please contact the usual helpline number.

# FACTS & FIGURES

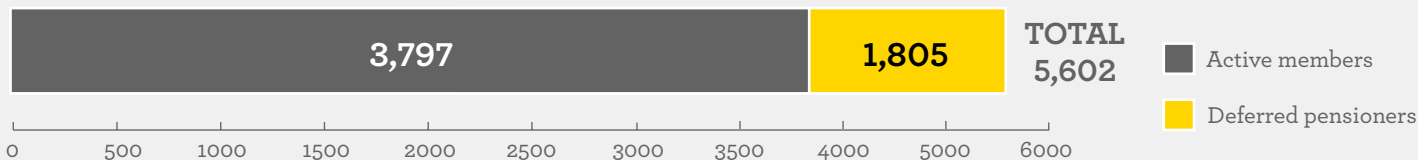
The information on these pages has been taken from the Trustee's Report & Accounts for the year to 31 December 2018, which have been audited by PricewaterhouseCoopers LLP.

<b>On 1 January 2018, the DC Section was worth</b>	<b>£133.0 million</b>
Money in	£21.5 million
Money out	(£5.2 million)
Change in the value of our investments	(£10.5 million)
<b>On 31 December 2018, the DC Section was worth</b>	<b>£138.8 million</b>

## MEMBERSHIP

The chart shows the membership profile of the DC Section as at 31 December 2018.

There are no pensioner members in the DC Section because at retirement, you use your pension savings to provide a retirement income in the way that suits you outside of the Scheme.





# INVESTMENTS

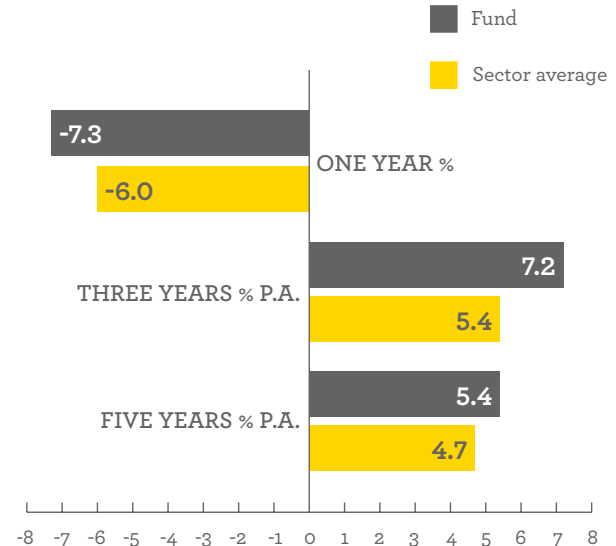
Currently, approximately 80% of our members have their contributions invested in the Scheme's Default Option, the Drawdown Lifecycle Strategy, which automatically invests in the NFU Mutual Mixed Portfolio 40%-85% Shares Fund until three years before your Selected Retirement Date.

When you are three years from your Selected Retirement Date, your investments will automatically start to move so that when you retire, 25% of your personal account is invested in the NFU Mutual Deposit Fund. The rest of your fund remains in the NFU Mutual Mixed Portfolio 40-85% Shares Fund.



Details of how this fund has performed over the one-year, three-year and five-year periods to 31 December 2018 is shown below.

## NFU Mutual Mixed Portfolio 40%-85% Shares Fund performance



# PENSIONS NEWS



## Money and Pensions Service

The Money and Pensions Service is the new name for the government's three financial guidance providers, the Money Advice Service, the Pensions Advisory Service and Pension Wise, which have been merged into a single organisation. It brings together the core services of pensions guidance, money guidance and debt advice.

It aims to help people manage their personal finances by providing free access to the information and impartial guidance needed to make effective financial decisions.

Go to [www.moneyandpensionsservice.org.uk](http://www.moneyandpensionsservice.org.uk) for more information and to access the various services.



## A reminder about pension tax allowances

There are other allowances which relate to the amount of tax relief on your pension contributions each year. The Annual Allowance (AA) remains unchanged at £40,000; while the Money Purchase Annual Allowance (MPAA) is £4,000. The MPAA will apply to you if you have already accessed any DC retirement savings flexibly but are continuing to contribute to another DC arrangement. A Tapered Annual Allowance (TAA) applies to high earners - for every £2 of income above £150,000 per annum, £1 of AA will be lost with a maximum reduction of £30,000. This means that anyone with earnings over £210,000 will have a capped AA of £10,000.

We will let you know if your contributions to the Scheme exceed the AA. You will receive a Pensions Savings Statement, which details the amount you have saved into the Scheme in the tax year. However, it is your responsibility to check that your Scheme savings, when combined with other pension savings you may make, do not exceed annual tax allowances.

## Get to know your pension

A government campaign called 'Get to know your pension' is encouraging people to find out how much State pension they could get and when. Its website provides easy access to online forecasts and calculators, offering tailored information for people at different stages in life. You can use it to:

- check if there could be gaps in your National Insurance record
- trace a lost pension
- learn about the benefits of a workplace pension.

Visit the 'Get to know your pension' website at [www.yourpension.gov.uk](http://www.yourpension.gov.uk)

## Lifetime Allowance rises

The Lifetime Allowance (LTA) is the maximum amount of pension savings that you can have at retirement from all pension schemes without incurring an additional tax charge. The standard LTA limit was increased from 6 April 2019 and is currently £1,055,000. Any future increases are set to occur annually at each 6 April and will rise in line with inflation, as measured by the Consumer Prices Index (CPI).





## PENSIONS NEWS continued

### Don't let a scammer enjoy your retirement

We would like to remind members to continue to be vigilant about the danger of pension scams. Scammers can be articulate and financially knowledgeable with credible-looking websites, testimonials and materials that are hard to distinguish from the real thing. It has been reported that as much as £197 million was lost in 2018 to pension scammers.

In January 2019, the Government introduced a ban on cold calling about pensions. If someone contacts you out of the blue about your pension, it is best simply to hang up. The Pensions Regulator's advice to members is:

- reject unexpected offers
- check who you are dealing with
- don't be rushed or pressured into taking action
- get impartial advice and information

You can find out more about guarding against pension scams at [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)



# RUNNING THE SCHEME

The Scheme is run by a corporate Trustee called NFUM Pension Trustee Company Limited. It has five Trustee Directors: three appointed by the Company and two nominated by the members of the Scheme.

## COMPANY APPOINTED

Brian Duffin (Chairman)  
Kenny Graves  
Jonathan Priestley

## MEMBER NOMINATED

Kevin Davies  
Andrew Spriggs

## ADVISERS TO THE TRUSTEE

The Trustee has appointed the following specialist advisers to help run the Scheme's DC Section.

### **Auditor**

PricewaterhouseCoopers LLP

### **Administrator**

JLT Benefit Solutions Ltd

### **DC consultant**

Hymans Robertson

### **Investment managers**

NFU Mutual Insurance Society Ltd  
Legal & General Assurance (Pensions Management) Ltd

### **Legal adviser**

Gowling WLG LLP

### **Bankers**

Barclays Bank plc  
Royal Bank of Scotland plc

You can find more information about the Scheme by visiting our website [www.nfumstaffpensions.co.uk](http://www.nfumstaffpensions.co.uk) where you can also find a copy of our Privacy Statement.

# KEEPING IN TOUCH

If you have any questions about your pension in the Scheme, please contact the Scheme administrator, JLT.

Call us:  
0345 450 6954

Email us:  
nfumpensions@jltgroup.com

Write to us:  
NFU Mutual Retirement Benefit Scheme  
JLT Benefit Solutions Ltd  
Post Handling Centre  
St James's Tower  
7 Charlotte Street  
Manchester M1 4DZ

If you have any concerns that cannot be dealt with by JLT, or if you would like to give us your comments or suggestions on this newsletter, please contact the Scheme Secretary:

Jackie Baker and Marie Callaghan, Pensions Manager and Secretary to the Trustee

Email: [RBS@nfumutual.co.uk](mailto:RBS@nfumutual.co.uk)

Call: 01789 404389

## LARGE PRINT FORMAT

If you would like to receive this and future newsletters in large print format, please contact Jackie Baker or Marie Callaghan.

