

PENSION NEWS

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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. It keeps you up to date with important news from the Scheme and provides information about pensions in general.

We are publishing this issue earlier in the year than usual because of the exceptional circumstances we all find ourselves in. The COVID-19 pandemic is, of course, dominating our thoughts as well as our actions as we all adjust to the measures set out by the government that we need to follow.

We understand that in these unsettling times, you may be worried about your Scheme investments. The effect of the pandemic on businesses around the world has caused the investment markets to react strongly. This means that the various funds used for Scheme investments may move significantly over a short period of time. However, while the speed of change is unusual, markets always go up and down.

We encourage you to read the update on page 4, consider your situation carefully and avoid making any hasty decisions about your investments in response to recent events.

At this time, the danger from pension scammers is high, so if you are thinking about a transfer, please be cautious and seek financial advice. You can read more about avoiding pension scams on page 11.

Finally, my fellow Trustee Directors and I send you our best wishes and hope that you and your families stay safe and well.

Brian Duffin OBE FFA

Trustee Chair



AT A GLANCE

£23.6 million

The value of contributions paid into the DC Section in 2019

6,130

The number of members in the DC Section



11

The number of investment funds that DC members can choose from

70%

The percentage of members using the Default Investment Option



COVID-19 UPDATE

The coronavirus pandemic is having an impact on the volatility of global markets. We would like to reassure you that we are actively monitoring the circumstances.

- **Try to stay calm**

We understand that it is worrying to see the value of your investments fall, but it is important to stay calm. If you decide to move out of your existing investments after a market fall, you could potentially miss out on any recovery in those markets later.

- **Think about the long-term picture**

Pension saving is a long-term investment. You might be saving for 40 or 50 years, so it is important to remember the bigger picture. Markets move up and down all the time and it is never wise to make a hasty decision.



- **Consider your individual circumstances**

You might be some way off retirement, or you might be about to access your pension savings. Check your selected retirement age and your investments. If you are using one of the Scheme's lifecycle strategies, including the default, your savings will move at least in part into less volatile investments such as cash, gilts and bonds, as you get closer to your retirement age. If your savings are invested in more volatile funds like equities, try not to panic as these assets generally provide the highest returns in the medium to long term.

- **Beware of scams**

Scammers take advantage of unusual circumstances and may try to persuade you to withdraw funds and move them to a 'safer' place. Be wary of any unexpected contact - you can read more about scams on page 11.

We encourage you to think carefully and, where possible, seek financial advice before making any decisions about your pension based on recent events.

SAVING FOR THE RETIREMENT YOU WANT

You can use the money in your account in a number of ways:

- Keep it invested and take money out as and when you need it
- Use it to buy an annuity which pays a guaranteed income for the rest of your life
- Take it as cash
- Use a combination of these.

Whichever option you prefer, you can also take up to 25% of the value of your personal account as a tax-free cash lump sum. The Scheme provides different investment options, called lifecycle strategies, which match the way you would like to take your money when you retire.

- **Drawdown Lifecycle** – targeting a flexible income
- **Annuity Purchase Lifecycle** – targeting a guaranteed income
- **Cash Lifecycle** – targeting cash.



WHAT'S A LIFECYCLE STRATEGY?

When you use our lifecycle investment strategies, your savings are managed for you. At the start of your saving, when you are a long way from retirement, your money is invested in a range of funds, like equities, which target long-term growth. Then, as you get closer to retirement, some of your money is gradually and automatically moved from growth investments into assets like gilts and bonds which are less volatile or risky.

This is done to try and 'lock in' some of the investment gains and to protect a proportion of your savings from sudden falls in the financial markets when you are close to retirement.

If you use the self-select funds, you are responsible for choosing whether to de-risk your investments and when that de-risking should start.



The Scheme's Investment Guide provides more information about the Lifecycle strategies: how they invest your funds initially, how they target the choice you have made, when de-risking begins, and the funds you will be using as you approach your retirement date.

For a copy, please log into Benpal (see page 18) or contact Mercer, the Scheme administrator.

THE DEFAULT STRATEGY

The Scheme's default investment option is the Drawdown Lifecycle strategy. It is used by the majority of our members and targets a flexible retirement income. It assumes that members will transfer their fund to a drawdown arrangement at retirement.

Drawdown means that your money remains invested, usually in funds such as equities, even after you have retired, so our default strategy keeps you invested in equity-based funds to match this. When you reach your selected retirement age, 75% of your money will remain invested in the NFU Mutual Mixed Portfolio 40-85% Shares Fund and 25% will be invested in the NFU Mutual Deposit Fund.



WHAT'S YOUR SELECTED RETIREMENT AGE?

The automatic switching of your investments takes place gradually over several years. It begins between three and eight years before you plan to retire depending on whether you are in the default Drawdown Lifecycle strategy or one of the other Lifecycle strategies. Your Selected Retirement Age drives the investment switching process.

This is why it is important to think ahead to your retirement and make sure you choose a Selected Retirement Age that is right for you. The Scheme's default retirement age is 60, but if you are an active member, you can change it to suit your circumstances.

- If you leave your Selected Retirement Age at 60, but you are actually hoping to retire earlier, it could mean that your savings are still invested in a growth fund too close to your retirement. If there is a sudden downturn in the financial markets, your retirement savings might not have enough time to recover.
- Similarly, if you have chosen age 55 but find that you want to continue working a bit longer, your investments will have started switching into less volatile funds too soon and you might miss out on some investment growth.

If you are an active member, you can change your Selected Retirement Age at any time by completing a "Selected Retirement Date Form" which is available from the RBS pages of Mutualnet. It is a good idea to review it now and again to make sure it still fits with your plans for retirement. If you do change your Selected Retirement Age and your funds have automatically started to switch because you are invested in one of our Lifecycle strategies, your investment allocation will not automatically change to match your new Selected Retirement Age - you will need to update your investment allocation manually which you can do through Benpal. If you have left NFU Mutual, you can request early retirement, but you can't delay taking your benefits after 60 (or your date of leaving if later). If you would like to request a Selected Retirement Date Form to choose an earlier retirement date, please contact the Scheme Administrators, Mercer, whose contact details are included on the back page.

BECOMING A DEFERRED MEMBER

If, while you are working at NFU Mutual, you choose a Selected Retirement Age which is after the default, this will revert back to 60 should you leave NFU Mutual and become a deferred member. You would need to take your benefits from the Scheme at age 60 (or your date of leaving, if later), or you can request to take your DC benefits early, so it is worth thinking about what your retirement journey will look like and taking some financial advice.

If you are not ready at 60 to take your benefits, you will need to move your savings into another pension arrangement and decide how your benefits should be structured. We recommend all our members to take financial advice to ensure that you select the correct pension vehicle, as this is your responsibility, and move your funds to the most suitable pension arrangement which will allow your pension goals to be achieved.



CHANGES TO THE NFU MUTUAL MIXED PORTFOLIO 20-60% FUND (OCF)

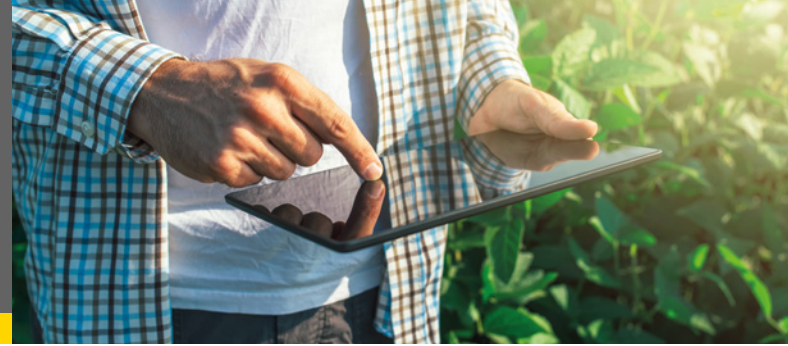
In order to ensure that we are best placed to take advantage of international investment opportunities, NFU Mutual Investment Managers are making some changes to the way they manage international assets within their Funds.

To complement the award-winning in-house investment team, NFU Mutual Investment Managers will be using external investment managers for some of their international investments, as the breadth of investment opportunities continues to grow and the pace of change increases.

This revised approach has been adopted across all of the £4 billion international investments managed by the NFU Mutual Group and applies to the NFU Mutual Mixed Portfolio 20-60% Fund. We are highlighting this change for those of our members who are invested in this fund, or who may wish to invest in this fund, as there is an increase of 0.04% to the ongoing management charge.

The transition was completed at the end of June 2020.

SCHEME NOTICEBOARD



THE SCHEME WEBSITE

We are currently working on updating the Scheme website (www.nfumstaffpensions.co.uk) to provide a better service for members. This is part of our move towards going paperless, so that you can find the latest information you need about the Scheme, whenever you need it.

We will be introducing specific areas for both the Defined Benefit (DB) and DC Sections, which will include guides to retirement, as well as pension saving and investing. You will also be able to use the website to log into Benpal, the member portal provided by Mercer, the Scheme administrator.

As well as this, we continue to update the website with pension news, documents and information about the Scheme. The new-look website will be launched later in the year and we will keep you updated with progress.

YOUR ONLINE BENEFIT STATEMENT

Don't forget that this year, benefit statements are going paperless and we will be issuing them to members online. You can see your benefit statement by logging into Benpal. If you have not already registered to use Benpal, we will be issuing new activation e-mails to you shortly which will allow you to register for access. In the meantime, you can request access by getting in touch with Mercer using the contact details on the back page.

SCAM ALERT

A major event like the coronavirus crisis can lead to new types of scams. You may have already seen reports of fraudulent activity around the sale of face masks and hand sanitiser.

When it comes to financial services, scams often appear after the initial shock of a major event. With this in mind, we urge you to be vigilant for scams of all kinds that could appear over the coming months. These could be about insurance policies, pension transfers or high-return investment opportunities, including investments in crypto-assets.

Scammers are sophisticated, opportunistic and will try to get personal details or money from victims in many ways. They tend to target people who are feeling vulnerable, particularly in the current climate with many people being at home.

Could you spot a pension scam?

Pension scams can be hard to spot but their effects are devastating, with many people losing their life savings. While promising high returns and low risk, in reality, pension scams can leave you with nothing. In addition, you could then face a high tax bill from HM Revenue and Customs if you withdraw your savings before age 55.

Scams often involve unusual, high-risk investments like overseas property, renewable energy bonds, forestry, parking or storage units. If it sounds too good to be true, it probably is. Anyone can be a victim of a pension scam, no matter how savvy you think you are.



Things to watch out for:

- **unexpected contact** – cold-calling about pensions is illegal, so just hang up. Similarly, ignore unexpected emails and text messages
- **time pressure** – time-limited offers such as bonuses or discounts
- **social proof** – fake reviews
- **unrealistic returns** – it sounds too good to be true
- **false authority** – claiming to be regulated
- **flattery** – being friendly with you to lull you into a false sense of security.

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

IS IT TIME TO REVIEW YOUR CONTRIBUTIONS?

The financial markets are experiencing high levels of volatility due to the COVID-19 crisis. While the initial impact on markets saw a rapid decline in equity values along with other high-risk investments, it could mean that now may be a good time to consider investing to take advantage of any recovery in those markets.

It is always a good idea to review your contributions and investments on a regular basis. You can make changes at any time and there's no need to wait for the annual renewal dates. If you decide you want to make one-off additional payments, you can do so by going to the My Reward Hub.



COVID-19 AND CONTACTING MERCER

We would like to reassure you that Mercer, the Scheme administrator, has robust business continuity procedures in place, allowing the administration of the Scheme to carry on as usual during the COVID-19 crisis. However, we have prioritised resources to ensure that the settlement of benefits and bereavements are handled swiftly so there may be a slight delay with response times to other queries and we would ask for your patience here, as it may take slightly longer to receive answers to other questions.

You can continue to contact Mercer using the normal contact details as shown on the back page. Due to the high volumes of calls at this time, you might find it easier to contact Mercer by logging into Benpal and sending a message, especially if your query is not urgent, rather than use the helpline.

IS YOUR EXPRESSION OF WISH UP TO DATE?

It is important to make sure that your expression of wish remains up to date, particularly if your circumstances change, such as if you get married or divorced, enter or leave a civil partnership or have a child.

In the event of your death, the Trustee is responsible for deciding who should receive any payment that is due, but it takes your wishes into account. An up-to-date expression of wish form allows us to quickly and easily identify anyone you have nominated to receive benefits.

You can update your expression of wish at any time by updating the details online on the Bepal portal or by contacting Mercer, using the details on the back page.

Active members should also complete an expression of wish form for the Excepted Group Life Assurance Trust which is available on My Reward hub. This form will be used in deciding who should receive any death-in-service lump sum, which is now provided outside of the Retirement Benefit Scheme.

PLEASE LET US KNOW

Please remember to let us know if your contact details change or you move home. Having up-to-date contact details means that we can send you the latest news about the Scheme and pay your benefits when they are due.



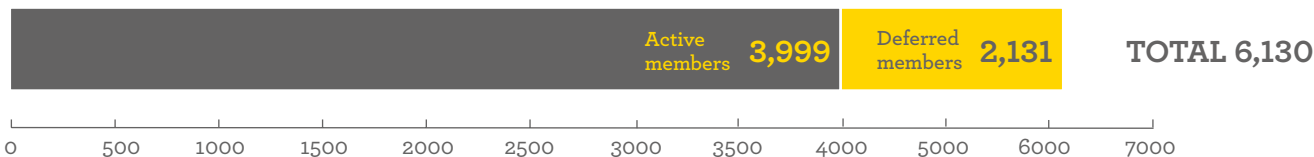
FACTS & FIGURES

The information on these pages is a summary taken from the Trustee's Report & Accounts for the year to 31 December 2019, which have been audited by PricewaterhouseCoopers LLP.

On 1 January 2019, the DC Section was worth	£138.8 million
Money in	£23.6 million
Money out	(£7.3 million)
Change in the value of our investments	£27.8 million
On 31 December 2019, the DC Section was worth	£182.9 million

MEMBERSHIP

The chart shows the membership profile of the DC Section as at 31 December 2019. There are no pensioners in the DC Section because you use your savings at retirement to provide an income in the way that suits you, outside of the Scheme.



INVESTMENTS

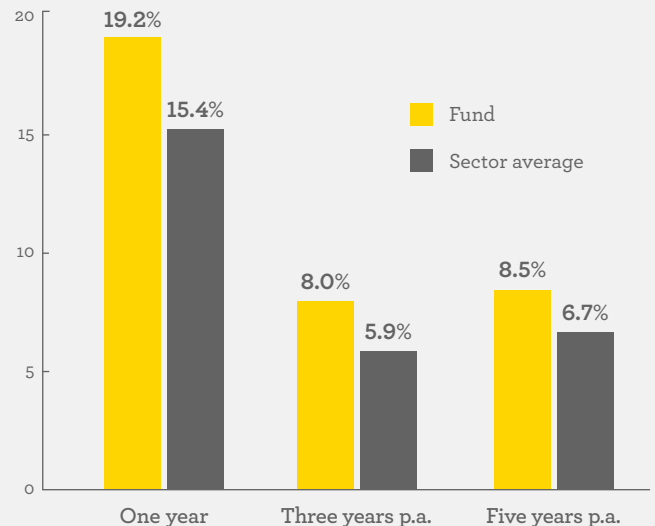
Currently, 70% of our members have their contributions invested in the Scheme's default option, the Drawdown Lifecycle Strategy, which automatically invests in the NFU Mutual Mixed Portfolio 40%-85% Shares Fund until three years before your Selected Retirement Date.

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 2019 is shown below.

NFU Mutual Mixed Portfolio 40%-85% Shares Fund performance as at 31 December 2019



PENSIONS NEWS



HOW MUCH WILL YOU NEED IN RETIREMENT?

The Pensions and Lifetime Savings Association (PLSA) has launched 'Retirement Living Standards' to help people picture their future retirement and understand what they need to save to achieve that.

The PLSA's research shows that only 23% of people understand how much they need to save. As part of their research, they asked consumers for their views on how much they would need to live on in retirement. This suggested that a single person will need £10,000 each year as a minimum income, £20,000 for a moderate standard of living and £30,000 to be comfortable. For couples, the equivalent numbers are £15,000, £30,000 and £45,000 each year.

The PLSA's website lets you explore the different categories in more detail to picture what life in retirement could look like. Go to www.retirementlivingstandards.org.uk

DEFERRING YOUR STATE PENSION

Did you know that you can defer your State pension? The State pension is not paid automatically, so putting off the age at which you claim it means the amount you receive can go up significantly.

With the new State pension now £175.20 a week, deferring for one year can increase the amount you receive by over £10.16 a week or £528.32 a year. To find out more, go to www.gov.uk/deferring-state-pension

LIFETIME ALLOWANCE

The Lifetime Allowance is the maximum amount of pension savings you can have at retirement from all pension schemes without incurring an additional tax charge. It increases annually in line with inflation as measured by the Consumer Prices Index. From April 2020, it is £1,073,100 for the 2020/21 tax year.

TAPERED ANNUAL ALLOWANCE

In April this year, a change was introduced to the limit on the amount of tax-free pension contributions you can make in one year if you are a high earner. Known as the Annual Allowance (AA), the standard amount is set at £40,000. However, for anyone with a high income (over £200,000), the AA will be reduced by a tapered amount and could be as low as £4,000.

MONEY PURCHASE ANNUAL ALLOWANCE

If you access any defined contribution pension benefits in excess of the tax-free cash, from either the Scheme or any other personal or former employer scheme, under the flexi-access drawdown or lump-sum payment (referred to as an UFPLS - Uncrystallised funds pension lump sum), then the maximum amount of tax-free contributions by you and your employer is set at £4,000 a year.

Contributions above this level will need to be added to the rest of your taxable income for the tax year in question, which you will need to declare via self-assessment and will be used to determine your tax liability. If you do access any defined contribution pension benefits from elsewhere, it is important that you let Mercer, the Scheme administrator, know so that they can update your records with your revised allowance.



GETTING HELP AND GUIDANCE

The Pensions Advisory Service, part of the government's Money and Pensions Service, is currently unable to deal with enquiries by post, due to the coronavirus restrictions. However, if you are looking for help and information about pensions matters, their pension helplines are open from 9am to 5pm, Monday to Friday on **0800 011 3797**.

Alternatively, you can use the webchat service between 8.45am and 6.20pm on a Monday, Wednesday and Friday, between 9am and 6.20pm on a Tuesday and Thursday, or between 9am and 1pm on Saturdays. Go to **www.pensionsadvisoryservice.org.uk**

If you need information and guidance about pensions, money and finances generally, the Money and Pensions Service is free and can be accessed at **www.maps.org.uk**

BENPAL

Benpal is the member portal provided by our Scheme administrator, Mercer. Benpal makes planning and controlling your pension straightforward as it can all be done online.

You can:

- access your pension details 24 hours a day, seven days a week
- view your current fund value
- view the benefits you could get at retirement using the pension modeller
- decide where to invest and choose from several funds or Lifecycle strategies
- keep up to date with your pension and fund performance
- update your beneficiaries at any time.

Go to **<https://login.benpal.com>**

If you have not yet activated your Benpal account, or you would like some assistance accessing or navigating your account, please contact Mercer, using the details on the back page.

If you have already registered for access but forgotten your login details, visit the link above, select 'Unable to Login' and follow the instructions shown.

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 (Chair)

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

Mercer Ltd

DC consultant

Hymans Robertson LLP

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

For more information about the Scheme, please see our website at 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, Mercer.



Call us:

0345 450 6954



Email us:

nfumpensions@mercer.com



Write to us:

NFU Mutual Retirement Benefit Scheme
Mercer
Post Handling Centre
St James's Tower
7 Charlotte Street
Manchester M1 4DZ

If you have any concerns that cannot be dealt with by Mercer, 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

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.

