

Pensions News 2020

The newsletter for members of the defined contribution (DC)
Section of the Emerson UK Pension Plan (the Plan)



Contents

From the Chairman	Page 2
The Trustee and its advisers	Page 3
New website launch	Page 4
We want to stay in touch with you.....	Page 4
Financial review and investments	Page 5
Investment report	Page 7
Partial transfers	Page 8
Brexit – what now?.....	Page 8
Updates you need to know	Page 9
State Pension update.....	Page 9

Retirement planning.....	Page 9
Pension scams – could you spot one?	Page 9
Savings limits for 2020/21 tax year.....	Page 10
The new Money and Pensions Service (MaPS) ..	Page 11
Don't forget to complete an expression of wish form	Page 11
Where to get help.....	Page 12
Hartlink Online Portal	Page 12
Other useful websites	Page 12

From the Chairman

Welcome to the latest edition of Pensions News in which we share with you a variety of articles to keep you informed and help you make pension-related decisions.

Compared to recent years, 2019 was a relatively quiet year for the Plan and the new Board members have settled in well. We said goodbye to David Shingler in October 2019, who decided to retire after having served many years as a Trustee of the acquired Valves & Controls (V&C) business pension fund that merged with the Emerson Plan in 2018. On behalf of former V&C and current Emerson members, we would like to thank David for his hard work and valuable counsel before and after the merger.

The Trustee Board remains committed to running the Plan efficiently and in line with its rules and with legislation – whilst looking after its members' interests. We continually strive

to improve the member experience and to that end we trust you will find your new website www.oneemerson.co.uk an interesting and helpful resource, providing relevant and clear information on a range of pension issues as well as providing a convenient portal to your own section of the Emerson Plan.

As usual in the newsletter you'll find a summary of the accounts, membership and fund investment performance for the year to 31 March 2019.

We hope you enjoy reading this newsletter and the other resources on the website and that it helps you stay up to date with your pension and the Plan. If there any items that you would like to see covered in future issues, please let us know, via the Plan administrators, using the enclosed contact details.



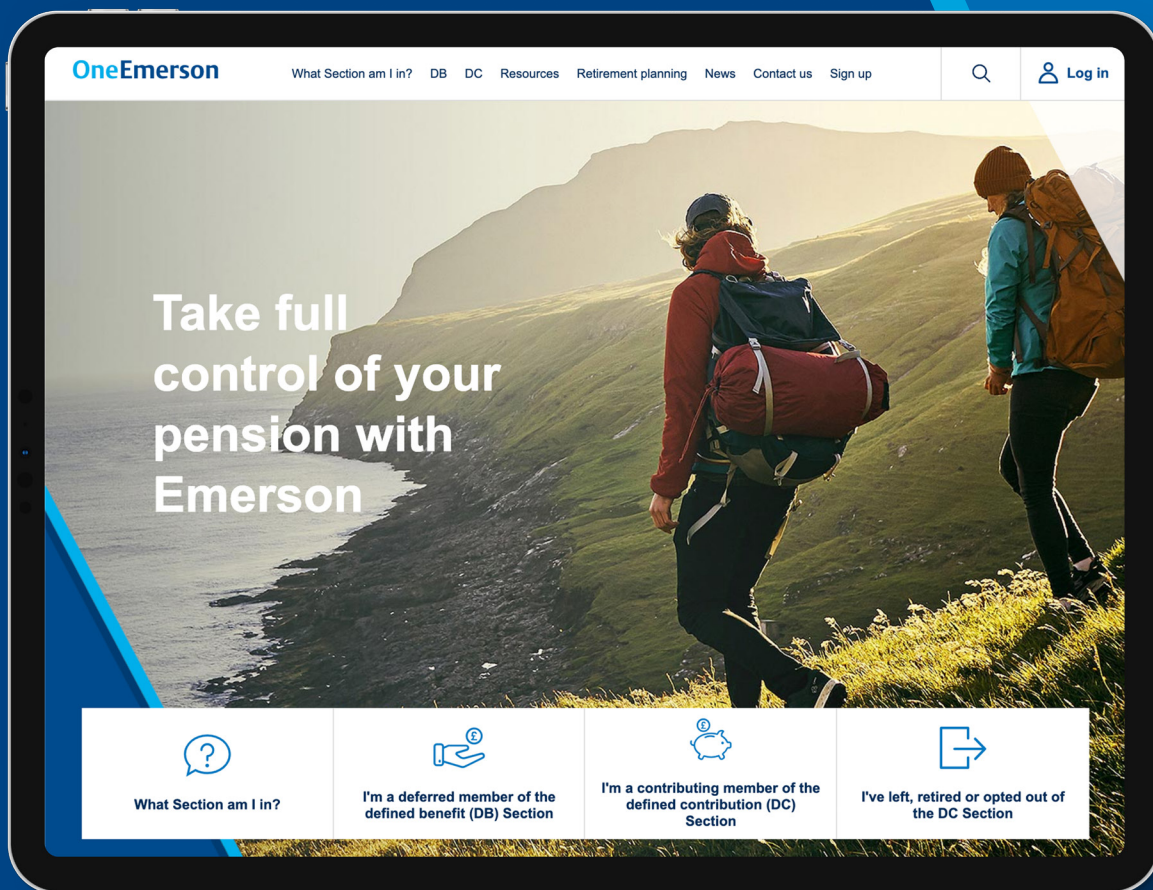
The Trustee and its advisers

The Plan is run by a corporate Trustee – Emerson UK Trustees Ltd. The Trustee’s role is to act in the best interest of all members and beneficiaries and to ensure that the Plan is run properly and in accordance with the law. To do this the Trustee currently has 11 Trustee Directors:

Company-nominated	Member-nominated
David Meade, Chairman	George Amabile
Martin Fernandez	Sharon Love
John Gallagher	Ashley Munden
Phil Lamb	Paul Smith
David Rabe	
Jeremy Rowley	
Willy Vandormael	

The Trustee Directors appoint various professional advisers to ensure the Plan is run to the highest possible standards:

Actuary	Edwin Sheaf, Willis Towers Watson Limited
Administrator	Capita Employee Solutions
Secretary to the Trustee	Willis Towers Watson Limited represented by Pam Sohi
Custodian	Northern Trust
Auditor	KPMG LLP
Investment managers	Legal & General Investment Management and Royal London
Banker	National Westminster Bank Plc
Solicitor	Baker & McKenzie
Investment adviser	Willis Towers Watson Limited



New website launch

We are pleased to let you know that the brand new OneEmerson website was launched on 20 January 2020. It aims to educate and provide you with enough information to enable you to make informed decisions about your future. Whether you're completely new to pensions, want to learn more about your investment options or you're approaching retirement, the new website has all the information you need.

You will also find a number of important documents, FAQs and videos to further explain how it all works and what you can do to make a positive impact on your retirement income. Don't delay and visit www.oneemerson.co.uk today!



We want to stay in touch with you

We have made the move towards paperless communications! If you would like to receive future newsletters in a digital format, we will need your email address. All you need to do is visit www.oneemersoninfo.co.uk. If you don't provide us with your email address, you may miss out on hearing about important pensions news in the future.

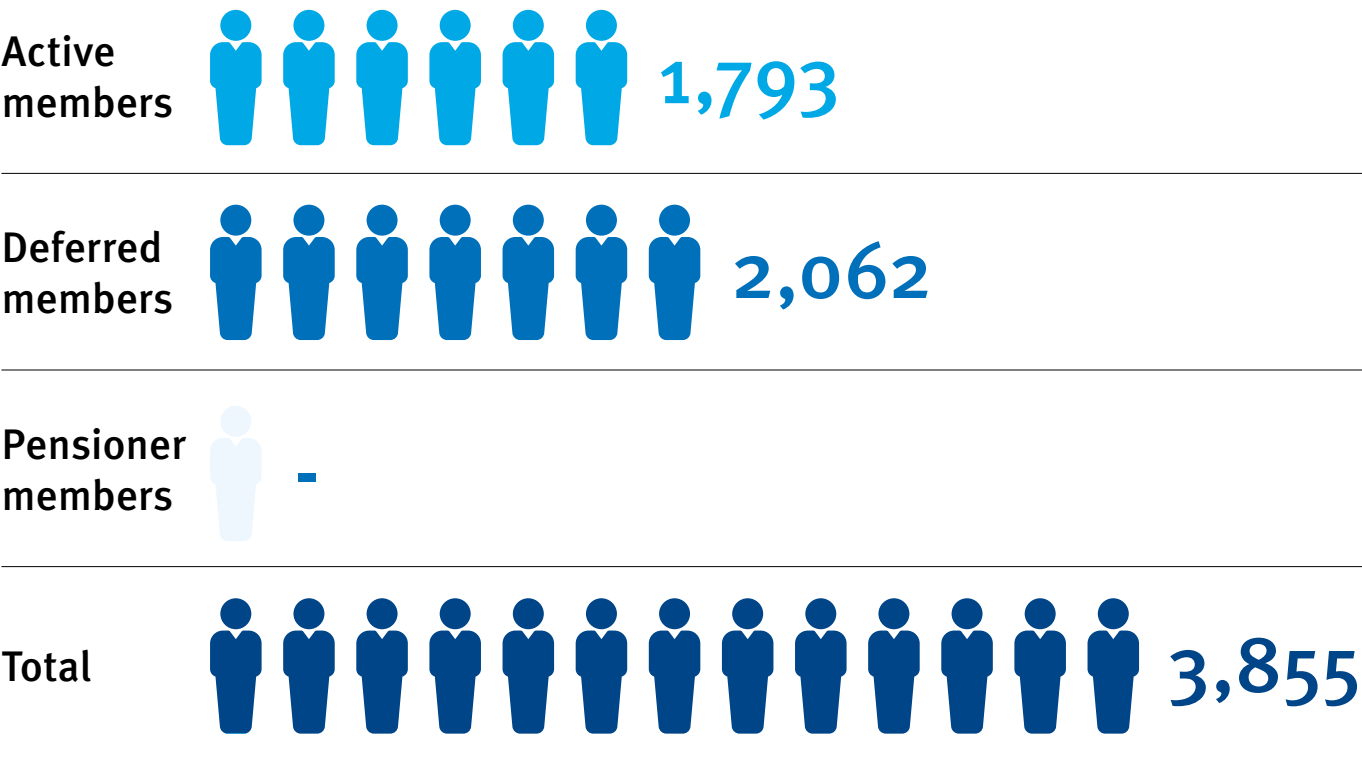
Financial review and investments

Summary account for the year ended 31 March 2019 (DC Sections only):

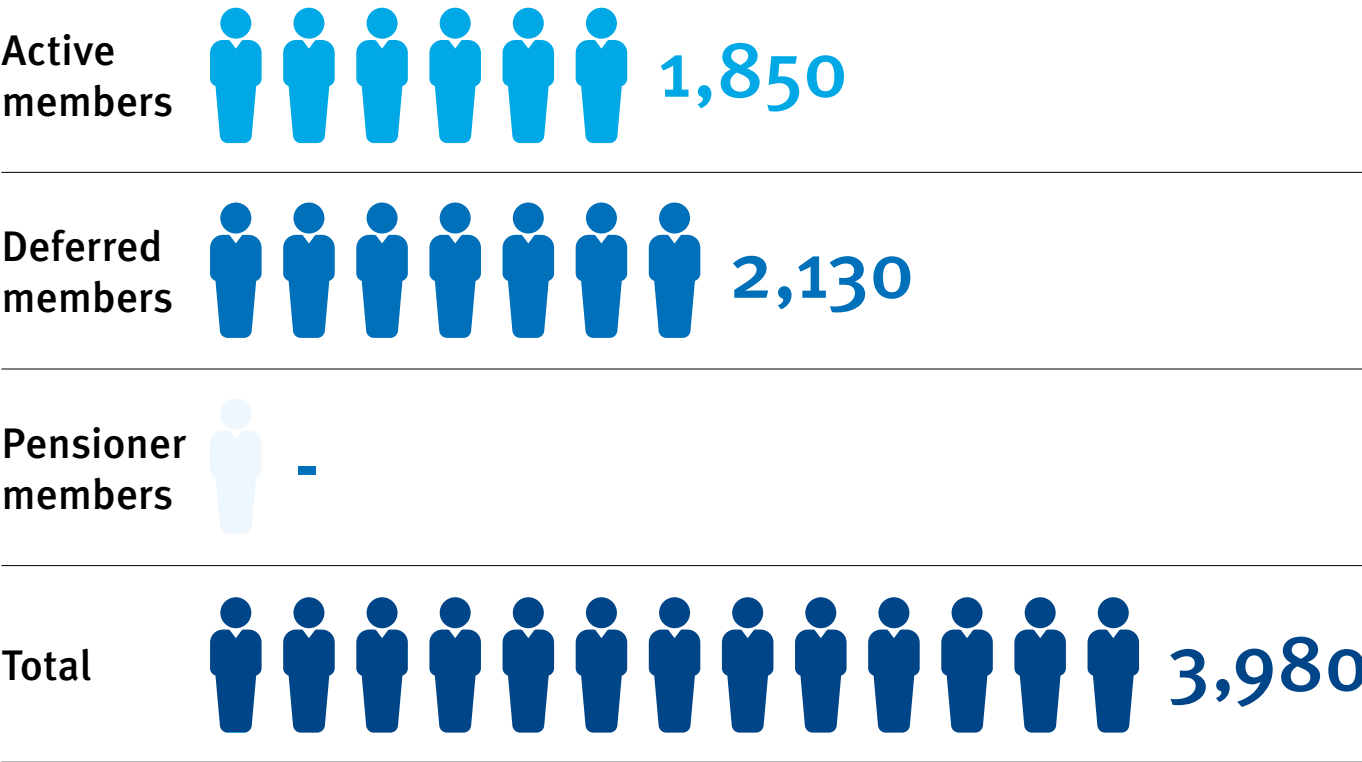
Paid in	£000s
Company contributions	5,746
Employee contributions	5,515
Transfers in	632
Other income	217
Total paid in	12,110
Paid out	£000s
Benefits paid or payable	(1,345)
Payment to and on account of leavers	(4,007)
Administration expenses	(2)
Total paid out	(5,354)
Net additions/(withdrawals) from dealings with members	6,756
Returns on investments	£000s
Investment income	1
Change in market value of investments	6,002
Net returns on investments	6,003
Net increase in the Fund during the year	12,759
Transfers between Sections	(78)
Net assets of the Plan as at 1 April 2018	94,809
Net assets of the Plan at 31 March 2019	107,490

Membership statistics for the DC Section:

Members at 1 April 2018



Members at 31 March 2019



Please note that due to reporting deadlines, opening figures have been adjusted when compared to previous years.

Investment report

Investment returns

This section gives you a brief overview of the investment returns at 31 March 2019 in each of the funds available to you in the DC Section of the Plan.

The table below shows the time-weighted returns from DC Section assets over the last 12 months:

Fund	Fund return (%)	Benchmark return (%)
Global Equity 70:30 Index	6.4	6.5
UK Equity Index	5.9	5.9
World (ex UK) Equity Index	11.3	11.4
All Stocks Gilt	3.7	3.8
AAA- AA- A Corporate Bonds	3.7	3.7
Over 5y Index-Linked Gilts	7.0	7.0
Pre-Retirement	4.7	4.8
Cash	0.5	0.5
Diversified	6.4	8.8

Management charges

Fund	Annual fee (%)
Global Equity 70:30 Index	0.18
UK Equity Index	0.10
World (ex UK) Equity Index	0.18
All Stocks Gilt	0.10
AAA- AA- A Corporate Bonds	0.15
Over 5y Index-Linked Gilts	0.10
Pre-Retirement	0.15
Cash	0.12
Diversified	0.20

You can view details of the investment funds by clicking the blue 'Log in' button at www.legalandgeneral.com/investments/funds/full-fund-range

Partial transfers for DC Section members

Good news! The Trustee has introduced a new option which will allow you to transfer part of your savings, known as a partial transfer, out of your DC fund to another registered pension arrangement. This option will be available to members who are currently contributing as well as those who have a deferred fund.

The partial transfer will be subject to certain restrictions including the following:

- only one partial transfer is allowed in each Scheme year i.e. from 1 April to the following 31 March and;
- the value of your remaining DC fund must be at least £1,000 (this figure may change in the future).

Allowing you to take a partial transfer gives you more control over your pension provision and increases the flexibility and options available to you. Before making any decisions regarding your pension provision, the Trustee encourages you to seek advice from an independent financial adviser (IFA) as there may be tax implications and you can find an IFA at register.fca.org.uk

If you are interested in a partial transfer, please contact the Plan Administrators, Capita using the details at the end of this newsletter.

Brexit – what now?

It's understandable that members of the Plan might be worried about what Brexit will mean for the UK in the near future as we left the European Union (EU) on 31 January 2020. The UK is now in a transition period during which many aspects of the UK's future relationship with the EU are expected to be decided such as trade, law enforcement, data sharing and security. The transition period is scheduled to complete by 31 December 2020. The Trustee will continue to monitor and discuss developments with its advisers and consider any potential impact on the Plan. This will include focus on areas such as investment, administration and communicating with members where appropriate. Here are some areas you might want to think about:

Investment

If you are a member of the DC Section of the Plan you can choose to stay where you are currently invested or make your own investment choices, selecting from a range of funds. Pensions are long-term investments so try to avoid making any knee-jerk decisions or focusing too much on short-term market movements.

If you have any further questions or need guidance about your investments, we recommend you contact an IFA.

Retirement

If you are approaching retirement, it's understandable that you might be nervous about the impact of the UK's decision to leave the EU on your pension savings. Further information can be found at Pension Wise (www.pensionwise.gov.uk/en) and The Pensions Advisory Service (www.pensionsadvisoryservice.org.uk).

Updates you need to know

State Pension update

The State Pension is an important factor when it comes to planning your retirement, although it shouldn't be relied on as your only source of income as it's unlikely that it'll fund the lifestyle you want without additional income as well. The State Pension age is the earliest you can draw your State Pension. The current full State Pension rate is £175.20 per week for the 2020/21 tax year. To check how much you might receive, visit www.gov.uk/check-state-pension. You can read more information about the State Pension on the new website at www.oneemerson.co.uk/retirement-planning/the-state-pension

Retirement planning

Retirement planning is the process of determining how much money you'll need when you eventually stop working. You'll have to think about what you'll need to do to achieve those goals. Remember that

retirement planning starts long before you retire. The sooner, the better.

Whether you're counting down the days to retirement or if the thought of it's just starting to appear on the horizon, it's likely that you'll have some important questions:

1. When can I retire?
2. What are my choices?
3. How do I inflation proof my income?
4. How do I claim my State Pension?
5. How much income will I need?
6. What other things do I need to think about?

The new website has an entire section dedicated to retirement planning, so take a look at www.oneemerson.co.uk/retirement-planning to learn more.



Pension scams – could you spot one?

It is more important than ever to be aware of scammers who want to take money away from your pension. They have sophisticated methods in order to trick you, but would you be able to spot a pension scam?



What is a pension scam?

A pension scam is where someone tries to con you out of your pension. Often, scams can be disguised as something where you are able to take your money before age 55 or an investment opportunity you have never spoken to them about before.

If somebody calls you out of the blue about your pension, this is illegal. You should end the call immediately and tell Action Fraud on 0300 123 2040 or use their online reporting tool at www.actionfraud.police.uk/reporting-fraud-and-cyber-crime



How do I spot a scam?

The Financial Conduct Authority has created a pension scam quiz to see what you would do in each situation. Give it a go at www.fca.org.uk/scamsmart/pensions-scum-quiz



Savings limits for 2020/21 tax year

The annual allowance (AA)

This is the amount you can add to your pension benefits each year without incurring a tax charge. For the 2020/21 tax year, most people will have an AA of £40,000.

If you are a high earner (e.g. if your income excluding pension costs is over around £200,000 per year), you may have a lower, tapered AA. You can check if this applies to you at www.tax.service.gov.uk/pension-annual-allowance-calculator

You can also carry forward any unused AA for up to three years. This allows you to have pension savings in excess of the AA in a certain year and pay no tax. The AA for the current tax year must be used before any previous years' AA is carried forward.

The lifetime allowance (LTA)

This is the total amount of retirement savings you can build up over your working life without incurring an additional tax charge. It includes the value of the benefits you build up in all registered pension schemes, and not just the

benefits in your current pension scheme. The State Pension does not count towards the LTA.

For the 2020/21 tax year, the standard LTA is expected to be £1.073 million. If your pension savings exceed the LTA, this could result in a tax charge of 55% on the excess (25% if you take the excess as income rather than a lump sum). Not many people are likely to be affected by this but, if you think you are, you can find out more at the HM Revenue and Customs website www.hmrc.gov.uk. Alternatively, you may wish to consider taking advice from a professional financial adviser.

Money purchase annual allowance (MPAA)

This applies to defined contribution (DC) savings only, including DC additional voluntary contributions (AVCs). If you have started to access any taxed DC retirement benefits flexibly elsewhere, such as through flexible drawdown, and want to continue paying contributions to the Plan, your AA will reduce to £4,000. You will need to notify Capita or Buck that you have flexibly drawn benefits elsewhere and they will provide information about your AA.

Remember, it is your responsibility to monitor your position against the pension tax allowances.

The new Money and Pensions Service (MaPS)

At the beginning of 2019, three existing providers of government-sponsored financial guidance merged to form the single financial guidance body which has now been named the Money and Pensions Service (MaPS). You may already be familiar with the likes of the Money Advice Service, The Pensions Advisory Service and Pension Wise who already deliver debt advice, money guidance and pensions information online.

Having MaPS is great news as it provides you with a one-stop shop for financial guidance. You'll have access to various topics such as workplace pensions, day-to-day money management and overall financial education. Best of all, the information will be free and impartial for anyone that needs it.

The new body will work alongside the government and the Financial Conduct Authority (FCA) to ensure the information is regulated to protect you. MaPS' main aims are:

- to develop people's financial capability
- to improve debt management among UK citizens
- to provide financial education to children and young people

When you are making important financial decisions, it's essential that you have easy access to the information before making an informed decision. If you need some extra help, you can find an IFA at register.fca.org.uk or you can visit www.moneyandpensionsservice.org.uk for more information.

Don't forget to complete an expression of wish form

If you die, the Trustee needs to decide who to pay any discretionary death benefits to. Remember to keep your expression of wish form up-to-date if your personal circumstances change. This is the most effective way to ensure your loved ones receive your death benefits when you die. You can download a form at www.oneemerson.co.uk/resources/forms

Out of date forms, that don't match up with your wishes, can cause lengthy investigations by the Trustee into who should receive your death benefits, which in turn can cause delays in paying them.



Where to get help

There are a number of ways you can get in touch for help or information about your benefits in the Plan. You may wish to also update your personal details. For all queries you can write to the Plan Administrator(s) at:

Emerson DB Segregated Section
and DC Segregated Section,
Capita,
PO Box 555,
Stead House,
Darlington,
DL1 9YT

Telephone: 0333 222 0082

Email: emerson@capita.com

Emerson V&C Main DB and
EBCO DB Segregated Section,
Buck,
Forty-four/Peter Street,
Manchester,
M2 5GP

Telephone: 0333 123 968

Email: emerson.pensions@buck.com

Please remember to include your National Insurance number in any correspondence. Typically, you'll receive a response to your query within five working days.

Hartlink Online Portal

The Hartlink Online Portal gives you access to your pension fund (with the latest values) 24/7 and you can use the pension modeller which is designed to give you an indication of what your income could be in retirement. It also provides plenty of information about your pension and you can also update some of your personal details. Log in at www.hartlinkonline.co.uk/emerson. If you have any problems using it, please call 0333 222 0082.

Other useful websites

Age UK

www.ageuk.org.uk

Information about pensions as well as a free advice line.

Citizens Advice

www.citizensadvice.org.uk

Free, independent and confidential guidance online as well as your local Citizens Advice centre.

Financial Conduct Authority

www.fca.org.uk

The FCA regulates financial service firms and financial markets in the UK. They aim to make markets work well – for individuals, businesses and for the economy as a whole.

Money Saving Expert

www.moneysavingexpert.com

Founded by journalist Martin Lewis, this website aims to provide information and articles that could save you money and includes areas such as pensions and finance.

OneEmerson