

# PENSION PLAN

MEMBERS' NEWSLETTER – APRIL 2023



ESTABLISHED 1848

**FULLER'S**

# NEWS FROM THE CHAIR OF THE FULLER, SMITH & TURNER PENSION PLAN

## CHAIR'S INTRODUCTION

I am pleased to introduce our latest annual newsletter for members of the Fuller, Smith & Turner Pension Plan ("the Plan") which provides an update on the progress of the Plan.

Financial markets remain volatile due to the impact of the Ukraine crisis and a high inflationary environment, and previously due to the Covid-19 pandemic. Positive developments such as the vaccine creation and rollout, and the easing of all restrictions, helped contribute toward a general economic recovery but more recently, rising food costs and energy prices have contributed to widespread increases in the cost of living creating further pressures for many.

We would like to reassure all members that they do not need to have any concerns about the security of their benefits in the Plan.

While all pension schemes have been affected in some way by the challenging market conditions, through improved investment performance, the Trustees and Fuller's have agreed a plan which aims to address the funding shortfall by 2032. Further details of this are provided later in this newsletter.

The Trustees and Fuller's will continue to carefully monitor the progress the Plan makes against the funding plan, with an eye on the longer term objectives of the Plan.

We are in the process of carrying out the next formal valuation which is expected to be completed later this year. We will update you on the results in our next newsletter.

There are a number of Plan related documents held online at <https://www.fullers.co.uk/defined-benefit-pension-plan>. Here you will find the latest Statement of Investment Principles, which sets out the Trustees' approach to investing the Plan's assets, and other useful Plan documents and some helpful links to pension information.

Some of the content of this newsletter is of a technical nature and therefore please do not hesitate to get in contact with the Trustees or XPS, the Plan administrators, if you have any queries about anything contained within this newsletter or more generally about your benefits.

It is important that you stay in contact with XPS so they can pay your benefits when they are due and keep you up to date with the latest news on your pension. The Trustees are inviting members to consider if they would like to receive pension documents including annual statements, newsletters and payslips electronically in the future rather than by post, and you should read how to action this in my accompanying letter.

**Stephen Yandle**

Chair of the Trustees, on behalf of Zedra Governance Services Ltd

## WHAT'S BEEN HAPPENING WITH THE PLAN

1. Following the sale of the Brewery business, the Company made a special contribution to the Plan of £24m.
2. The Company also agreed to grant fixed security over three of its freehold properties, up to a value of £30m, in support of the deficit in the Plan. This security will remain in place until there is no deficit or, if later, 30 April 2032.
3. During the pandemic the Company continued to make its contributions/deficit payments to the Plan.
4. The Company and Trustees worked together during the pandemic to understand the impact on the business and the potential impact on the Plan – the Company and Trustees continue to have a good and open relationship.
5. The Trustees monitor the funding and investments of the Plan closely with their advisers and look for opportunities to reduce the funding deficit and investment risk when appropriate. Recently they have taken actions to reduce the level of risk inherent in the investment strategy.
6. The Trustees are looking at how they can communicate with members better by using digital rather than paper based communications to keep you updated as to what's going on with the Plan and also the options available to you (if you haven't drawn your benefits/retired from the Plan) regarding your benefits. More information is set out in the accompanying letter.

## PENSION FREEDOMS

You will have seen many articles in the press about 'pension freedoms'. Some of the articles are highlighting the need to be cautious of scams from unauthorised providers. Other articles are highlighting the options and possible benefits of accessing your pension through any of the options associated with these freedoms from age 55. In summary anyone who has other pension benefits or sources of income could review, and possibly benefit from transferring their pension pot to another regulated provider.

It may not be in the best interests of many members, but depending on your circumstances it may be beneficial for you to consider a transfer. The Plan rules allow members to ask for one Transfer Value quotation free of charge each year. If the value of your pension pot is in excess of £30,000 you will have to prove that you have received qualified advice on the transfer before it can be processed.

You can find an Independent Financial Adviser (IFA) in your local area by one of the following two ways:

1. Using the "Find an IFA" internet search on [www.unbiased.co.uk](http://www.unbiased.co.uk)
2. Writing to: IFA Promotions Limited, 2nd Floor, 117 Farringdon Road, London, EC1R 3BX

Alternatively, you can obtain free and impartial information about transferring your pension from the Money Advice Service at [www.moneyadvice.service.org.uk](http://www.moneyadvice.service.org.uk) and The Pensions Advisory Service (TPAS) at [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk) or the general helpline on 0800 011 3797.

## ANNUAL PENSION INCREASE AMOUNTS

Annual increases are applied to pensions payments on the dates shown below. Details of the updated amounts will be enclosed with your payslip in the month the increase is effective.

- Main Section members – 1 March
- Directors' Section members – 1 June
- Gales Section members – on the anniversary of your retirement

## EXPRESSION OF WISH FORMS

The Trustees wish to remind members of the need to ensure you have completed an Expression of Wish Form to indicate to the Trustees who you wish any lump sum benefits and pension benefits to be paid in the event of your death.

The Trustees will then be able to take members' wishes into account, although they are not obliged to do so. Members are also urged to review their Expressions of Wish Form should their circumstances change in the future. Please contact XPS, the Plan administrators, if you need a new Expression of Wish Form.

## RESPONSIBLE INVESTING

The Trustees have been considering ways of assessing, managing and reporting climate-related risks associated with the Plan.

A review of the environmental, social and governance (ESG) compliance of the Plan's investments will be undertaken to ensure these risks are taken into account as part of the decision-making process in relation to how the Plan's assets are invested.

## GMP EQUALISATION

You may have read in the media the need for pension schemes to 'equalise' Guaranteed Minimum Pension (GMP) benefits to ensure they are equal for men and women. This only applies to members in the Gales section of the Plan and relates to benefits accrued between 17 May 1990 and 5 April 1997.

The Trustees are looking at the equalisation process, working with advisers to assess any potential implications and in consultation with the Company. While this is expected to be a time-consuming task it is anticipated, based on initial workings, that changes to members' benefits will be minor.

## TRUSTEES

Until 26 May 2022 the Board of Trustees consisted of Stephen Yandle, an independent professional Trustee, three Employer Nominated Trustees, Richard Fuller, David Moseley and Rachel Spencer, and two Member Nominated Trustees, David Stuart Edge and Mark Dally.

David Stuart Edge's term as a Trustee came to an end on 27 May 2022 and he decided to retire as a Trustee at that time. The Trustees would like to thank Stuart for the dedication and support he has provided over the years as a Trustee of the Plan.

Following his retirement, a Member Nominated Trustee selection process was conducted. The Trustees were delighted to welcome Anil Sunda to the Trustee Board as a Member Nominated Trustee of the Plan on 29 June 2022.

In line with consolidation trends in the pension services sector, Stephen Yandle joined Zedra Governance Services Ltd in Q4 2022, a large firm that specialises in independent trustee work, bringing further professionalism to the Plan's governance arrangements.

## SUMMARY FUNDING STATEMENT

Each year, the Trustees of the Plan issue a Summary Funding Statement to update you on the financial position of the Plan since the last valuation by the Scheme Actuary as at 30 July 2019. Rather than communicating this information separately, details of this Statement are included in the newsletter.

This Summary Funding Statement details the funding position of the Plan as at 30 July 2021, which is the second annual update following the 30 July 2019 actuarial valuation.

The following summarises the accrued funding position as at 30 July 2021, assuming that the Plan continues to operate as a going concern and is not wound up. Comparative figures from the previous full actuarial valuation at 30 July 2019, and the annual update at 30 July 2020, have also been provided.

	30 July 2021	30 July 2020	30 July 2019
Value of Plan assets*	£155.3m	£142.3m	£118.2m
Value of accrued liabilities	£178.6m	£192.2m	£176.2m
Shortfall	(£23.3m)	(£49.9m)	(£58.0m)
Funding level	87%	74%	67%

\* The Plan asset figure includes insured pensions and excludes AVCs.

The value of the accrued liabilities (the 'technical provisions') represents the Trustees' estimate of the sum required at the date of valuation to meet all future benefit payments in respect of members' service to the date of valuation.

## CHANGE IN FUNDING POSITION

This is the second Summary Funding Statement since the 2019 actuarial valuation. The previous Summary Funding Statement showed that there was a deficit of £58 million as at 30 July 2019. This deficit improved to an estimated deficit of £49.9 million as at 30 July 2020.

The main reason for the improvement was due to Deficit Reduction Contributions made by the Company which have continued, resulting in a further reduction of the deficit to £23.3 million as at 30 July 2021.

## FUNDING THE PLAN

The Plan closed to future accrual on 1 January 2015. Therefore, contributions in respect of future service benefits were only payable until 31 December 2014. To help meet the funding shortfall at the last actuarial valuation as at 30 July 2019, the Trustees and the Company agreed that contributions will be paid to the Plan at a rate of c. £2.1 million per annum, payable in equal monthly instalments.

The amount of the monthly contributions are adjusted each year at 1 January by the change in the Consumer Price Index (CPI) over the 12 months to the previous 30 September. For the avoidance of doubt, the contribution will not be adjusted if the change in CPI is negative.

The Company also made a one-off payment of £24 million in October 2019 following the sale of the Brewery business.

The funding shortfall is expected to be eliminated by no later than 30 April 2032, by a combination of contributions being paid into the Plan by the Company, and returns on the Plan's invested assets.

In addition, a contingent asset of £30 million in the form of security over three freehold properties was provided as additional security to the Plan, the value of which will be reviewed at each full actuarial valuation.

### WINDING UP

As required by legislation, and as part of the formal valuation of the Plan, the Scheme Actuary assessed the funding position if the Plan had been wound up as at 30 July 2019.

The following summarises the position at that date, assuming that the Plan had wound up:

<b>Value of Plan assets</b>	£118.6m*
<b>Value of winding up liabilities</b>	£205.8m
<b>Shortfall</b>	£87.2m
<b>Solvency level</b>	58%

\* The Plan asset figure includes insured pensions and excludes AVCs. The insured pensions are valued on a buy-out basis.

The shortfall is an estimate of the additional sum that would have been required from the Company to ensure that all members' benefits could have been paid in full had the Plan wound up on 30 July 2019.

Providing 'winding up' information is a formal legal requirement and does not imply that the Company was considering winding-up the Plan.

### PAYMENTS TO THE COMPANY

There has not been any payment to the Company out of Plan funds since the date of the last Summary Funding Statement.

### THE NEXT FULL ACTUARIAL VALUATION

The next triennial actuarial valuation of the Plan with an effective date of 30 July 2022 is currently underway. The deadline for completion of the actuarial valuation is 30 October 2023, and members will be informed of the outcome of the valuation shortly after this date.

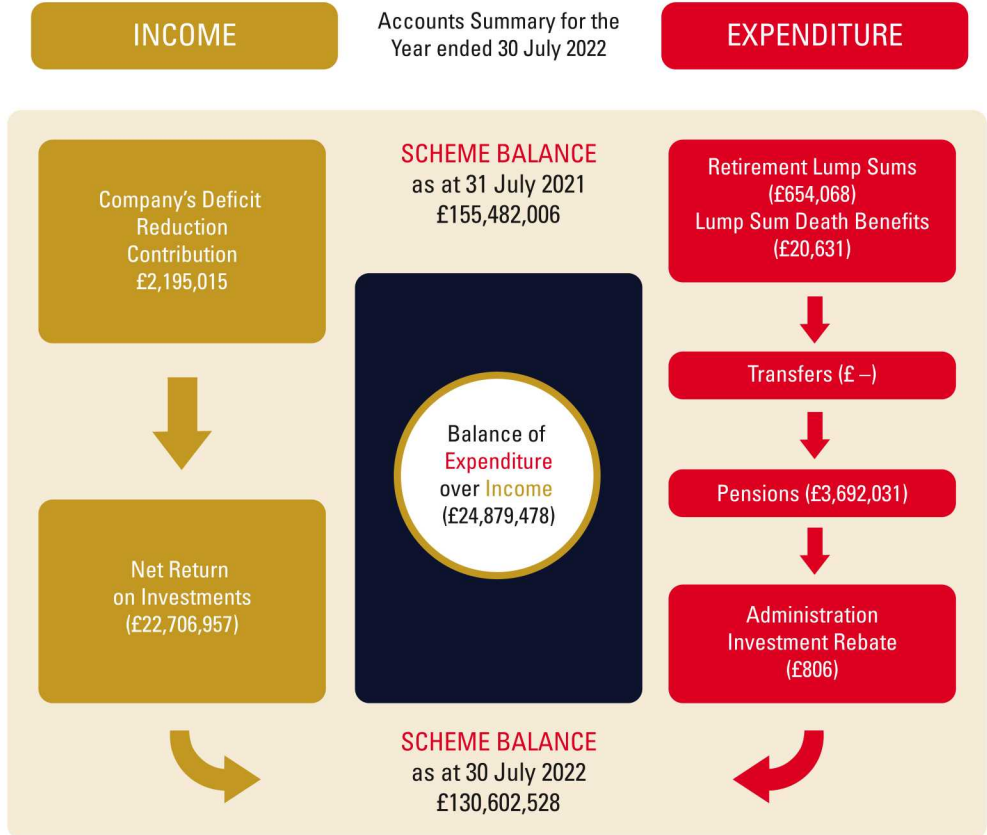
### MARKET VOLATILITY

Investment markets have been volatile recently due to the impact of the Ukraine crisis and high inflationary environment, and previously due to the Covid-19 pandemic.

The Trustees continue to monitor the Plan's funding position. As at the time of finalising this newsletter, the position was better than as at 31 July 2021 and it was expected that the Plan was materially ahead of the deficit recovery plan.

## SUMMARY OF THE TRUSTEE REPORT AND ACCOUNTS

The summary (below) has been extracted from the audited accounts of the Plan for the year ended 30 July 2022 (the most recently signed accounts). The Plan's Auditor, Menzies LLP, reported that the accounts gave a true and fair view of the financial transactions.





## FURTHER INFORMATION

XPS, the Plan administrators, can be contacted at:



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