

Hanson Industrial Pension Scheme (HIPS) Defined contribution (DC) section



Your Pensions Update



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Your Pensions Update
Issue 4 | January 2018

■ The Hanson Industrial Pension Scheme (HIPS) newsletter

Chairman's welcome

Welcome to the latest members' newsletter.

Understanding your contribution and investment options is important so you can plan your retirement income. You have online access to view details of your current contributions and investments and you are also able to run a projection of the income you might receive in retirement. This can be done online via the pension scheme member site at www.hartlinkonline.co.uk/hanson

In addition, you can access the Hanson pensions website, www.hansonpensions.co.uk, where you can find further information about the scheme, including short educational videos on different aspects of planning for your income in retirement.

The investment of your contributions is an important feature of the scheme and one we as trustees keep under review. We undertook a review this year and details of the outcome of the review will follow in 2018.

We continue to work with the scheme administrators, Capita Employee Benefits (Capita), to ensure the data we hold is as accurate as possible, and I would like to encourage you to go onto the website (www.hartlinkonline.co.uk/hanson) to check your information is up to date. You are able to make changes, such as address changes, via that site. This includes advising trustees of who you would like to receive any discretionary benefits payable on your death. You can do this by completing an expression of wish form. This is great help to us when we have to make decisions on who receives benefits. You can update your expression of wish form on Hartlink Online, or download the form from the Hanson pension website or by requesting a form from Capita.

We hope you find the information provided in this update helpful but as always if you have any questions please contact Capita, whose address is at the end of this newsletter.

Graham Wardle
Chairman of the trustees



■ Your trustees & advisors

Your current trustee directors are listed below:

Company appointed	Member nominated
Graham Wardle (Chairman), representing BESTrustees plc	Helen Mayfield
Marc Boone	Andy Taylor
Brian Charleton	
Clare Mayo	

You are free to contact any of the trustees to discuss general HIPS matters. However, if your question is about individual pension benefits or the administration of the scheme, please contact Capita in the first instance (see page 8 for their contact details).

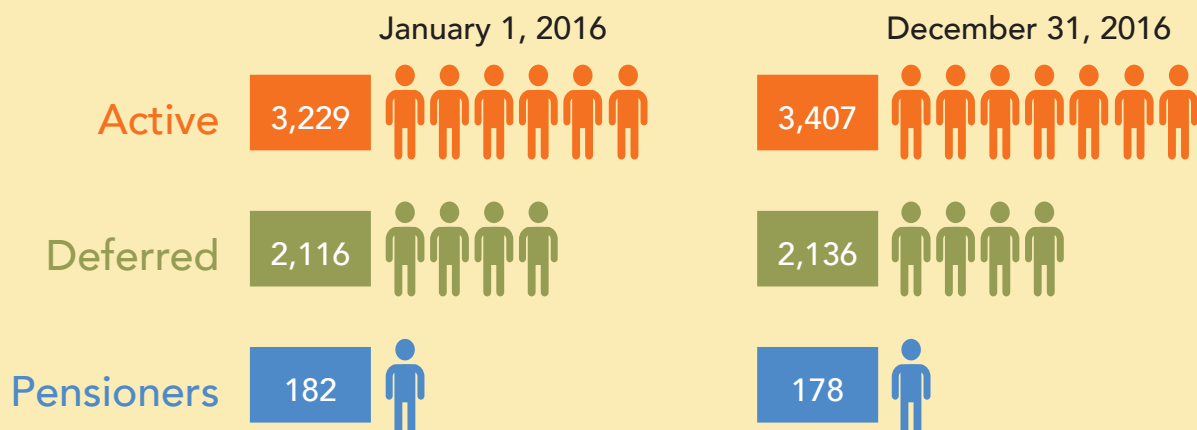
Scheme advisors

Scheme actuary	Jonathan Wicks, FIA – Aon Hewitt
Scheme administrator	Capita Employee Benefits Limited
Auditor	Ernst & Young LLP
Banker	National Westminster Bank
Legal advisors	Travers Smith LLP
DC investment platform manager	Fidelity Life Insurance Limited
Investment advisor	Lane Clark & Peacock LLP
Custodian	JP Morgan Chase Bank N.A
Scheme secretary	Pi Consulting (UK) Limited



■ Scheme membership

The table below shows the membership of the DC section of the scheme as at January 1, 2016 and how this changed over the year.



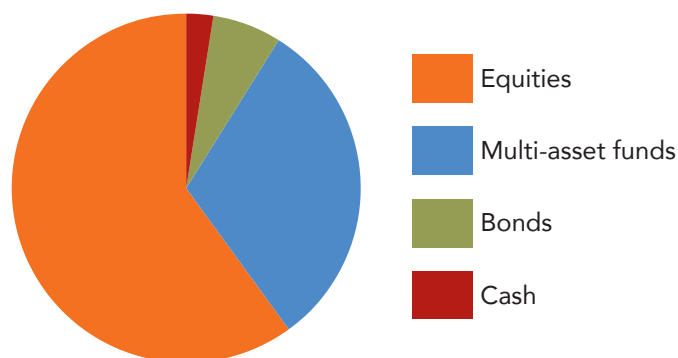
■ Scheme finances

	£000
Fund value at January 1, 2016	144,398
Funds paid in	
Employer contributions	13,971
Transfers in	220
Member contributions	876
Total paid in	15,067
Funds paid out	
Retirement lump sums	(417)
Annuity purchase	(998)
Death benefits	(127)
Leaver benefits	(6,190)
Administration expenses	(392)
Total paid out	(8,124)
Investment returns	29,521
Net change in fund value	36,464
Transfers between sections	-
Fund value at December 31, 2016	180,862

Investment performance

The investments of the scheme are managed by the Trustee with the support of their investment advisor and investment managers.

The chart below shows the asset class split for all investments in the DC section as at December 31, 2016.



Performance so far

The scheme's underlying funds continue to perform well against their benchmark (the target each fund is given to return based on market conditions). The default HIPS lifestyle option is reviewed at least every three years. The last review was carried out in September 2017 and further details from that review will follow in 2018.

12 month fund performance to December 31, 2016 against the benchmark

Fund name	Performance (%)	Benchmark (%)
HIPS world equity	15.0	14.4
HIPS active diversified	3.0	4.7
HIPS passive diversified	3.1	3.2
HIPS UK equity	11.7	11.9
HIPS fixed interest gilts	-6.4	-6.3
HIPS index-linked gilts	-4.3	-4.2
HIPS corporate bonds	-0.3	-0.2
HIPS money market	0.2	0.1
HIPS 60:40 global equity	13.7	13.9

Fund name	Performance:		
	for 12 months (%)	for 3 years (%)	for 5 years (or since inception) (%)
HIPS world equity	15.0	-	13.4
HIPS active diversified	3.0	-	1.1
HIPS passive diversified	3.1	-	10.6
HIPS UK equity	11.7	8.6	10.1
HIPS fixed interest gilts	-6.4	9.7	7.1
HIPS index-linked gilts	-4.3	10.9	9.9
HIPS corporate bonds	-0.3	-	4.0
HIPS money market	0.2	0.4	0.4
HIPS 60:40 global equity	13.7	11.3	12.3

If you are more than four years away from your target retirement age (TRA), the funds that currently make up the default HIPS drawdown lifestyle option are:

- HIPS world equity fund
- HIPS active diversified fund; and
- HIPS passive diversified fund

As you get closer to your TRA, the percentage of units allocated to each fund will change, with a gradual move into lower risk investment assets.

By the time you reach your TRA, your fund split will be:

- HIPS active diversified fund (37.5%)
- HIPS passive diversified fund (37.5%); and
- HIPS money market fund (25%)

Please refer to the HIPS investment guide for more information on the funds.

Some long standing members of the scheme may be invested in the old default lifestyle option. If so, their investment split will differ from that explained above. The old default lifestyle option is not open to new participants.

■ Pension news

Pension website

As a member of the scheme, you have access to our pension website where you can find detailed information about the scheme. You can also watch our pension education videos and download important documents such as an expression of wish form.

To use the site, please visit www.hansonpensions.co.uk

Change in data protection laws

From May 25, 2018, new laws come into force that will govern how the scheme uses your personal data. The trustees are currently reviewing how they use and manage member data to ensure compliance with those new requirements.

Further information regarding this will follow in 2018.

Changes in state pension age

On July 19, 2017, the government announced plans to bring forward the increase in state pension age. It was planned that the state pension age would increase to age 68 by 2046, but that has now been brought forward to 2039. The change is expected to save the government around £74 billion.

People who were born between April 6, 1970 and April 5, 1978 will be affected by this change, and will now have to work approximately one year longer before they are entitled to their full state pension.

Please check if this change affects any aspect of your pension arrangements, including when you will be able to retire.

Merger of financial bodies

The government is merging three of its pensions advice services: The Pensions Advisory Service, the Money Advice Service and Pension Wise. This aims to reduce duplication and combine expertise and advice from all three areas into one easy-to-use service.

The new body, yet to be named, will provide members of the public with:

- pensions guidance
- advice on debt (England only)
- money guidance (designed to enhance understanding and knowledge of financial matters)
- support to help improve financial capability and the ability to deal with debts (to include education aimed at children and younger people)

The merger is expected to happen by late 2018. In the meantime you can continue to use all three services, free of charge.

Annual allowance (AA) and lifetime allowance (LTA) reminder

There have been no changes to the AA or LTA since April 2016, so this is simply a reminder of the allowances currently in force by the government.

The AA is the amount of annual pension growth you can have on all of your pension arrangements without incurring additional tax charges. The AA for the 2017/18 tax year is £40,000. Those who earn over £150,000 have their pension benefits subject to the tapered annual allowance, which could see their AA reduced to a minimum of £10,000.

The LTA is the total amount of money you can have across all of your pension arrangements (excluding your state pension) without incurring additional charges. The LTA for the 2017/18 tax year is £1 million.

For both allowances, the total of all your pension benefits are affected and not just those in HIPS.

Money purchase annual allowance (MPAA)

We have previously seen measures from the government to reduce the MPAA down from £10,000 to £4,000 which was put on hold during the 2017 general election.

The MPAA is triggered when a member withdraws benefits from a defined contribution arrangement in a flexible manner, such as a drawdown option or an uncrystallised funds pension lump sum. This then limits the amount of money these members could put back into another pension arrangement before triggering tax charges.

This was put on hold during the general election but the legalisation for this has now been passed and the law backdated to April 6, 2017. If you believe that you will be affected by the reduction in the MPAA, we recommend that you speak to an independent financial advisor to work out the best option for you.

Retirement calculations on Hartlink Online

You can now access your personalised pension information using Capita's website Hartlink Online. This will allow you to securely view and check your pension record online. You can calculate the projected value of your pension at your target retirement age and model potential pension outcome from different contribution amounts and retirement ages.

You can visit the website at www.hartlinkonline.co.uk/hanson

A small proportion of members who have defined benefits may not be able to use part of the retirement calculator. If you can't and you would like a retirement quote, please contact Capita using the contact details on the back page.

A reminder...

Keep your details up to date

We would like to remind you about the importance of keeping your details up to date. As well as important scheme updates, we will need to let you know about your retirement benefits as you approach your target retirement age.

Please remember to let Capita know if your circumstances change (for instance getting married), move house or change email address. You can get in touch with Capita by using the contact details on the back page.

Selecting your retirement options

If you are within 10 years of your target retirement age (TRA), you may want to start thinking about what you want to do with your HIPS pension once you reach your TRA.

As part of this, you will need to check that your investments still suit your retirement plans and that you are comfortable with the current level of investment risk. Those who are in the lifestyle option will see their funds switching to lower risk strategies. Members who are in the self-select option may want to check that they are still happy with the level of investment risk being taken.

The flexibilities announced in 2015 mean that you no longer have to just buy an annuity (a pension with an insurance company). You have the option to withdraw lump sum amounts, tailoring to a retirement which suits you.

We will always recommend that you speak to an independent financial advisor before making any decisions on your pension. Details of where you can find financial help are on the back page.

■ Where can I get more information?

Scheme contacts

If you would like further information about your pension, or have any comments on this newsletter, please contact Capita using the following details:

Address:

Hanson Industrial Pension Scheme,
Capita,
Hartshead House,
2 Cutlers Gate,
Sheffield,
S4 7TL

Telephone: **0345 600 0591**

E-mail: **Hanson@capita.co.uk**

Hartlink online: **www.hartlinkonline.co.uk/hanson**

Third party contacts

www.pensionwise.gov.uk

Provides free and impartial government guidance on your retirement options. You can book a free appointment to talk to an advisor, over the phone or face-to-face.

www.thepensionsregulator.gov.uk

Offers useful information, articles and advice on workplace pension issues and your rights as a workplace pension holder.

www.moneyadviceservice.org.uk/annuities

Provides help and guidance on what an annuity is and allows you to compare annuity packages online.

www.moneyadviceservice.org.uk/en

A free and impartial money advice portal set up by government. Contains useful tools and calculators plus support over the phone and online.

www.pensionsadvisoryservice.org.uk

The Pensions Advisory Service (TPAS) is there to help you with free and impartial guidance with all pension matters, including complaints.

www.unbiased.co.uk

Helps you find an independent financial advisor in your area.

www.pensiontracingservice.com

A free dedicated site to help you track down your lost pension benefits from multiple schemes.