The Jacob's Bakery

Retirement Scheme

Trustee Report 2024

COULD YOU BE THE MISSING INGREDIENT?

Find out how you could be our new Member Nominated Director on page 2

Trustee Introduction

Welcome to the 2024 newsletter for members of the Jacob's Bakery Retirement Scheme.

Nothing stands still for long, either in the Scheme or in the wider world of pensions, so there are plenty of developments to let you know about. In this edition, you can read a financial update on the Scheme (known as a Summary Funding Statement), the latest pension updates, and some important reminders of the services available to you as a Scheme member.

We're also excited to announce that the Scheme will soon be seeking nominations for a Member Nominated Director (MND) to complement the current Trustee Board. You can find out more about the opportunity and how you could add your flavour to the role on page 2.

On page 4, you can get an update on the Scheme's funding position as at 31 March 2023, which shows an improvement on the previous year. This was primarily due to contributions from the Company and changes to the assumptions agreed for the 2023 actuarial valuation.

The Government's Spring Budget in March 2023 included changes to how pensions will be taxed. Some of these changes have now come into force. You can find out more on page 7.

We hope you enjoy this edition of the newsletter. We welcome your feedback, so please feel free to provide any comments or suggestions about the contents by contacting the Scheme Administrator, Mercer, using the details on page 11.

Mike Smaje
Chair of the Trustee Board

In this issue

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COULD YOU BE THE MISSING INGREDIENT?

Become our new Member Nominated Director

Here's your golden opportunity to infuse your influence into the future of your pension and that of your fellow members...

The Trustee Directors have an extremely important role in looking after the benefits provided by the Scheme.

Due to a vacancy, we are currently seeking nominations for a Member Nominated Director (MND). If you are looking for a rewarding challenge then this may be perfect for you.

What's in it for You?

- **Career Boost:** Rise to new heights professionally, gaining invaluable experience transferable across any industry.
- **Knowledge Expansion:** Unlock exclusive training opportunities, enriching your skill set and broadening your expertise.
- **Personal Growth:** Nurture new talents and refine existing ones as you embark on this fulfilling journey.

What's it like to be a Trustee Director?

We caught up with Steve Agg who shares his experiences of being a Trustee Director.

"I've been a member of the Trustee Board of The Jacob's Bakery Retirement Scheme for just over five years and didn't even think about becoming a pensions Trustee Director until after I had retired. This, I quickly realised, was a mistake as becoming involved has been a positive, fulfilling and fun experience. At the start, it takes some effort to learn the obligations of trusteeship and to grasp the basic requirements of pension scheme governance etc. It all sounds daunting but there is always plenty of help and support available from my fellow Trustee Directors and our expert advisers.

Joining the Company in 1985 and after spending 17 years paying into the fund, working mainly within the distribution operations, it's great for me to see the very strong level of pension funding which has been achieved to date. Whilst much has been achieved many challenges remain for future Trustee Directors and I'm looking forward to being a Trustee Director on the team which looks after the security of our members' pensions."

We'll be writing out to you shortly, providing more information about the roles and responsibilities of a Trustee Director and how to apply. Watch this space!

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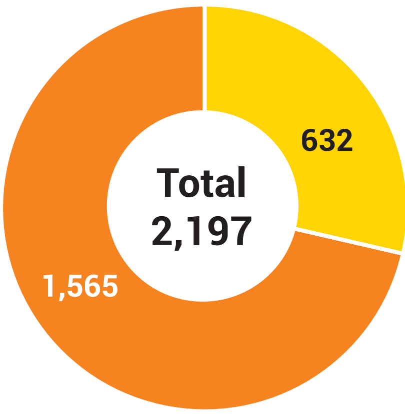
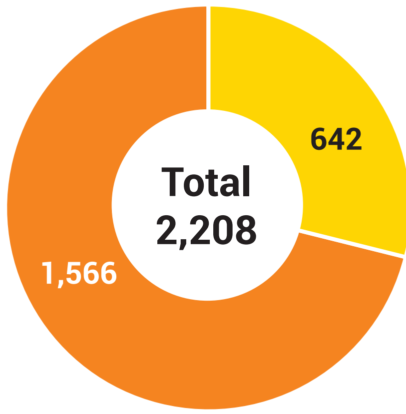
Membership update

December 2023



December 2022



Pensioner members

Members with deferred benefits

Please note — The Scheme closed on 30 June 2021 which is why there are no active members.

Summary Funding Statement

The Summary Funding Statement looks at the Scheme's funding position and covers:

- How much the Scheme is worth;
- The estimated cost of providing all the Scheme's benefits;
- The difference between these figures; and
- What action is being taken to close any shortfall.

The most recent formal actuarial valuation of the Scheme was carried out by the Scheme Actuary as at 31 March 2023. The next formal actuarial valuation is required as at 31 March 2026. In the interim period, the Trustee arranges for the Scheme Actuary to produce annual funding updates and to also monitor the funding position on a more informal basis quarterly.

The funding position as at 31 March 2023 is shown below, along with the funding position as at 31 March 2022 which was provided in the last statement:

	31 March 2022	31 March 2023
Assets	£264.3m	£203.1m
Amount needed to provide benefits	£270.7m	£195.9m
Surplus/(Shortfall)	(£6.4m)	£7.2m
Funding level	97.7%	103.7%

The Trustee monitors the funding level between formal valuations. An annual update by the Scheme Actuary showed that the funding level as at 31 March 2022 was estimated to be 97.7%. The annual update as at 31 March 2024 is currently being worked on.

Over the year to 31 March 2023, the amount needed to provide members' benefits decreased, mainly due to a large increase in long-term interest rates. However, the Scheme's assets also reduced in value, mainly because of the Scheme's hedging strategy, which is designed to broadly mirror the movement in liabilities.

The improvement in the funding level between 31 March 2022 and 31 March 2023 was primarily due to contributions from the Company and changes to the assumptions agreed for the 2023 actuarial valuation, primarily a lower outlook for future life expectancy that has reduced the amount required to provide benefits.

Over the period from 1 April 2022 to 31 December 2023, the Company paid contributions of £12.8m into the Scheme as part of the contributions agreed following the 31 March 2020 valuation. As the Scheme had a surplus as at 31 March 2023, the Company is no longer required to pay contributions to eliminate a deficit.

The Company will continue to pay £0.7m a year increasing by 3% each year to cover administrative expenses, and the Company also meets in full the annual pension scheme levies.

Summary Funding Statement *continued*

How is my pension paid for?

Pensions will be paid from the Scheme's existing assets including future investment returns.

The money to pay for members' pensions is held in a common fund. It is not held in separate funds for each individual.

How is the amount the Scheme needs worked out?

The Trustee obtains regular actuarial valuations (usually every three years) of the financial position of the Scheme from the Scheme Actuary. Using this information, the Trustee agrees the level of future contributions with the Company.

The formal actuarial valuation involves using up-to-date membership information and audited assets to calculate the funding position of the Scheme. The annual and quarterly funding updates that the Actuary provides in between actuarial valuations are approximate and not intended to be as accurate as a formal actuarial valuation but are still expected to give a good indication of the funding position of the Scheme.

The importance of the Company's support

The Trustee's objective is to have enough money in the Scheme to pay pensions now and in the future. However, the success of the Scheme relies on the Company continuing to support the Scheme because:

- The Company will be paying the future expenses of running the Scheme on an annual basis;
- The funding level can fluctuate, and when there is a funding shortfall, the Company will usually need to put in more money; and
- The target funding level may turn out not to be enough so the Company (and/or members) may need to put in more money.

What would happen if the Scheme were to be wound up?

If the Scheme winds up, you might not get the full amount of pension you have built up even if the Scheme is fully funded under our funding plan. However, whilst the Scheme remains ongoing, even though funding may temporarily be below target, benefits will continue to be paid in full.

If the Scheme were to be wound up, the Company is required to pay enough into the Scheme to enable the members' benefits to be completely secured with an insurance company. In the unlikely event the Company is not able to pay this full amount, i.e., if the Company becomes insolvent, then the Pension Protection Fund would take over the Scheme and pay a reduced level of benefits to members.

Further information and guidance are available on the Pension Protection Fund's website at **ppf.co.uk**. Or you can write to:

The Pension Protection Fund
PO Box 254
Wymondham
NR18 8DN

or email them at **information@ppf.co.uk**

At the current time the Trustee is of the view that it does not require the Company to make additional contributions to the Scheme. Again, this is an issue which the Trustee monitors on a regular basis.

We are required by law to provide you with details of the estimated amount needed to ensure that all members' benefits could be paid in full if the Scheme were to be wound up (full solvency). This does not imply that the Company is thinking of winding up the Scheme. This amount was around £222.6m (resulting in a shortfall of around £19.5m) as at 31 March 2023.

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Why does the funding plan not call for full solvency at all times?

The full solvency position assumes that benefits will be secured by buying insurance policies. Insurers are obliged to take a very cautious view of the future and need to make a profit. The cost of securing pensions in this way also incorporates the future expenses involved in administration. By contrast, our funding plan assumes that the Company will continue in business and support the Scheme.

Payment to sponsoring employers

There has not been any payment to the sponsoring employers out of Scheme funds in the previous twelve months.

The Pensions Regulator

We are also required to confirm whether the Pensions Regulator has modified the future accrual of benefits under the Scheme, given any directions in relation to the funding of the Scheme or imposed a schedule of contributions on the Scheme. We can confirm that the Pensions Regulator has not exercised any of these powers in relation to the Scheme.

Additional information

The Summary Funding Statement, and the information in it, is included as required by the Pensions Act 2004. See page 10 for a list of additional Scheme documents that are available to you on request.

Important: If you are thinking of leaving the Scheme for any reason, you should consult a professional adviser, such as an independent financial adviser, before taking any action.

Pension news

Update from the Spring Budget

On 6 March 2024, Chancellor Jeremy Hunt delivered his Spring Budget, setting out the Government's key commitments and objectives for the UK economy.

While 2023's Budget contained significant changes to pension taxation, there were no such announcements this year. Instead, the main takeaway for pension schemes was a push to deliver better value for savers and increase investment in the UK economy.

The Chancellor announced new powers for The Pensions Regulator and the Financial Conduct Authority to assess pension schemes on overall returns rather than just costs. There will also be new requirements for Defined Contribution and Local Government schemes to declare how much they have invested in UK shares.

The consultation on the idea of "pots for life" (pension accounts you can take with you when you move employer) will continue, as part of ongoing efforts to make pensions simpler and more flexible.

Many of the headlines picked up on the reduction of employee National Insurance contributions from 10% to 8% (on top of the reduction from 12% announced in the Autumn Statement). This cut represents a further attempt to ease the cost-of-living pressures many are still facing. It could also present an opportunity for people to put a little more aside for their future — perhaps by increasing contributions to their pension.

The Lifetime Allowance has been abolished

In March 2023, the Government announced that it would be removing the Lifetime Allowance (LTA) tax charge with effect from 6 April 2023, with the plan to remove the LTA altogether from 6 April 2024. This has now happened, and some new allowances for lump sum payments have been introduced.

What does this mean for you?

Most people wouldn't have been affected by the LTA but, if you would have, the changes are good news: you can now save more for your retirement without incurring a tax charge.

There will, however, still be a limit on the amount of money you can take as a tax-free lump sum at retirement.

The new Lump Sum Allowance

You can take up to 25% of your pension savings as a tax-free lump sum, with the remainder taxed as income. Following the removal of the LTA, a Lump Sum Allowance (LSA) has been introduced which places an upper limit on the value of this tax-free lump sum.

This allowance has been set at 25% of the LTA figure at the time of its removal (£268,275). This is now the maximum lump sum you can receive from all your pension savings without a tax charge. If you exceed this limit, the amount over the limit will generally be taxed as income. Members with existing LTA protection may have a higher limit before they are liable to pay the additional tax.

The new Lump Sum and Death Benefit Allowance

There will also be a new Lump Sum and Death Benefit Allowance (LSDBA), set at £1,073,000. This limits the tax-free payments that can be made following someone's death. The limit also applies in circumstances where, due to ill health, someone's entire pension is converted to a single cash sum.

This limit will be reduced if the person has previously taken tax-free cash sums at retirement (like those covered by the LSA above).

Pension scams and cyber security

Cyber scams in the UK are unfortunately becoming more common, and scammers' techniques more sophisticated. This is a serious issue that can have devastating consequences for individuals' finances, including pensions. Here are some actions you can take to avoid falling foul of scammers online:

- **Be cautious of cold calls and phishing emails:** Unsolicited phone calls, emails, or messages offering pension advice or investment opportunities are often a red flag. UK legislation means that legitimate financial advisors and pension providers are not allowed to cold call you about your pension.
- **Use strong passwords and keep these confidential:** Passwords should contain a wide variety of letters, numbers and special characters. Try not to reuse passwords and do not write them down.
- **Do not visit or download suspicious links:** You could give access to your device by downloading software or an app from a source you don't trust. Scammers may be able to take control of your device and access your bank account.
- **Ensure your devices and browsers are kept up to date:** As cyber scammers are always changing and developing, you need to ensure you have the latest software to guard against them.
- **Check the FCA register:** The Financial Conduct Authority (FCA) maintains a register of regulated financial services firms and individuals in the UK. Go to **register.fca.org.uk** before engaging with any financial adviser or investment firm to ensure they are legitimate and authorised to provide financial services.
- **Report suspected scams:** If you suspect you've been targeted by a pension scam or have fallen victim to one, report it to Action Fraud. This will track fraudulent activity and help authorities prevent other people from falling victim to the scam. Go to **actionfraud.police.uk** to find out how to make a report.
- **Seek professional advice:** Go to a registered and trusted independent financial advisor before making any decisions associated with your pension.

Update on GMP equalisation

If you were in employment before April 1997 you may have built up a "Guaranteed Minimum Pension" (GMP) as part of your benefits. Following a court case in 2018, many of these GMPs now need to be reviewed to ensure that they are equal between men and women.

Some people may find their pension improves as a result, but this will not be the case for all members with a GMP. For current pensioners, a back-payment may also be due in relation to past pensions.

As reported in last year's newsletter, the Trustee is working through this complex process and will write to affected members in due course.

Mercer's Acquisition by Aptia

On 1 January 2024, Aptia purchased Mercer's UK pension administration services, including the administration services Mercer previously provided for the Scheme.

Aptia is now in the process of rebranding all communications for pension scheme members so that all the information that you are used to receiving from Mercer is going to change to the new green and blue branding of Aptia.

Please be assured that the rebranding will not change the service you receive or your pension benefits.

You will begin to see changes in branding from July 2024 including changes to regular and ad hoc communications and the online portals used currently to contact Mercer.

Aptia

Looking after your interests

The Principal Employer that sponsors the Scheme is United Biscuits (UK) Ltd (trading as pladis). The Scheme is managed by a separate company set up specifically to operate and manage the fund — The Jacob's Bakery Pension Trustee Limited.

The Trustee Board comprises seven Trustee Directors.

The current Trustee Directors:	
BESTrustees Limited represented by Mike Smaje (Company appointed; Chair)	**Steve Agg** (Member nominated)
Rachel Brookes (Company appointed)	**Joy Bullous** (Member nominated)
David Eyre (Company appointed)	**Steve Howarth** (Member nominated)
	Gerard Melia (Member nominated)

If you have any questions for the Trustee Directors, please send them to **jacobsbakery@mercer.com**

Scheme Advisers

Although the overall responsibility for running the Scheme lies with the Trustee, much of the day-to-day management is delegated to independent qualified experts.

The main advisers are shown below:
Actuary and Consultants — Aon, represented by Susan Hoare FIA
Investment Consultants — Aon
Administrators — Mercer (operating as Aptia from July 2024)
Auditors — PricewaterhouseCoopers LLP
Covenant Adviser — Cardano Advisory (formerly Lincoln Pensions)
Investment Managers — BlackRock, Insight Investment, PIMCO, ICG Longbow, Prudential
Lawyers — DLA Piper UK LLP
Secretary to the Trustee — Jo Jones AMPI, of Gallagher

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Additional documents available on request

The Statement of Funding Principles
This sets out the Scheme's funding plan.

The Recovery Plan
This explains how the funding shortfall is being made up.

The Statement of Investment Principles
This explains how the Trustee invests the money paid into the Scheme and is available online at **jacobspension.co.uk**

The Schedule of Contributions
This shows how much money is being paid into the Scheme.

The Annual Report and Accounts of the Jacob's Bakery Retirement Scheme, which shows the Scheme's income and expenditure in the year up to 31 March 2024.

The Actuarial Valuation
This report details the Scheme Actuary's findings on the Scheme's financial position as at 31 March 2023.

The Trust Deed and Rules
This sets out the legal basis of the Scheme and details the Scheme rules.

Please see further information on the back of this newsletter for contact details if you wish to request any of the above.

Contact details and useful links

The Trustee Directors are available to help members. Please contact your local Member Nominated Trustee Director if you have any queries or issues about the Scheme.

It is important that the Scheme is kept informed of any changes in your personal circumstances that may impact on the payment of benefits under the Scheme, e.g. a change in your address or marital status.

Please help us to keep in touch with you by letting the Scheme's Administrators, Mercer, know if you change address. The quickest and safest way to contact Mercer is through the Portal.

Portal: **contact.mercer.com/green**
You can also contact them using the following contact details:

Address: Mercer
Post Handling Centre
St James's Tower
7 Charlotte Street
Manchester
M1 4DZ

Email: **JacobsBakery@mercer.com**

Tel: 0345 074 4064

Alternatively, if you have any feedback about the report, ideas for subjects you would like covered in future reports, or would like any more information about the Scheme, please contact:

Address: Joanne Jones, Secretary to the Trustee
Gallagher
20 Wood Street
London
EC2V 7AF

Email: **joanne.jones@buck.com**

Tel: 07515 919708

Expression of Wish

To help the Trustee settle any discretionary benefits that become payable, it is important to keep your Expression of Wish form up to date. If you require a new form for completion, particularly if there has been a change in your circumstances, please contact Mercer using the details on the left.

Help and advice

MoneyHelper – **moneyhelper.org.uk**
Joins up money and pensions guidance to make it quicker and easier to find the right help.

It brings together the support and services of three government-backed financial guidance providers: the Money Advice Service, the Pensions Advisory Service and Pension Wise.

Visit the website and click on 'Pensions & retirement' to learn more.

MoneyHelper can also help you to find an independent financial adviser.

Money Saving Expert – **moneysavingexpert.com**
Provides information and articles that could help save you money.

The Pension Tracing Service – **gov.uk/find-pension-contact-details**
Help with finding 'lost' pensions from previous employers.

The Pensions Regulator (TPR) – **thepensionsregulator.gov.uk**
Ensures schemes are run properly and protects members against fraud.

The Pensions Ombudsman (TPO) – **pensions-ombudsman.org.uk**
Investigates and resolves complaints and disputes about pension schemes.

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