



Brush Group (2013) Pension Scheme

Newsletter

Spring 2024

Welcome to this latest issue of your Scheme newsletter, in which we update you on Scheme developments and wider pensions news that may be relevant to you.

At the time of writing, the rise in the UK's level of inflation has started to slow, though it remains much higher than the Government's target level of 2%. Household budgets continue to be squeezed for many people and the broader economy remains unpredictable. As always, with the support of our professional advisers, we keep a close eye on national and international financial matters that may impact the Scheme and we continue to be proactive in making any changes we consider necessary.

Scheme website

Remember that the Scheme website is available 24/7 to support you. See page 6 for further information.

Wider news

In other pensions news, we provide updates on:

- the Retirement Living Standards,
- the Pensions Dashboards Programme and
- changes to the pension tax allowances.

If you have any questions about the Scheme or your benefits, or you have a topic you want to see covered in our next issue, please get in contact using any of the details on page 6.

Andy McKinnon
Chair of the Trustee

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In numbers

The membership

At 31 December 2022, there were 1,417 members in the Scheme compared with 1,431 members at 31 December 2021.

793	Deferred members No longer building up benefits but have benefits in the Scheme for when they retire.
624	Pensioner members Receiving benefits from the Scheme (and including the dependants of members who have died).



The accounts

Here we show headline figures from the Scheme's Annual Report and Accounts. If you would like more detail, please request a copy of the full report using the contact details on page 6.



The value of the assets supporting the Scheme at 31 December 2021

£327.3M



The decrease in the value of the assets over the reporting year *

(£131.8M)



The total expenses incurred during the year

(£0.6M)



The total value of benefits paid to members during the year

(£7.7M)



The total value of assets supporting the Scheme at 31 December 2022

£187.2M

* The decrease in the value of the assets was the result of difficult investment conditions during the year. For more details, see the 'Investment update' on page 3.



Investment update

As Trustee, it is our responsibility to decide on the overall investment strategy, and to make changes as and when appropriate. We work closely with our investment advisers, and we keep a close eye on how the funds are performing.

Asset allocation

(excluding Additional Voluntary Contributions)

The Scheme invests in a mix of carefully-selected assets. These include:

- Growth Assets (e.g. equities and corporate bonds) - these aim to provide higher returns than the Scheme's other investments, and
- Liability Driven Investments (e.g. gilts) - these aim to help protect the funding level by changing broadly in line with the value of the benefits members have built up (the 'funding target'), for example following changes to inflation and interest rates.

Performance

Investment conditions were difficult during the year to 31 December 2022. This had a significant impact on the value of the Scheme's assets, which went down by £131.8 million.

This was largely driven by an increase in gilt yields following the Government's mini-Budget in September 2022, which reduced the value of our Liability Driven Investments. (There are more details about this in our Autumn 2022 newsletter, which is on the Scheme website in the 'Documents' section.) Growth assets also struggled over this period, with equities and corporate bonds both delivering negative returns.

It is important to remember that it is normal for the Scheme's investments to fluctuate over time. Pension schemes invest over long periods, but asset values can rise and fall significantly in the short term due to market volatility.

The Trustee, alongside its investment adviser, will continue to monitor the Scheme's investment strategy and the performance of the Scheme's Fiduciary Manager who is responsible for investing the Scheme's assets.

Our investment approach means that the Scheme was able to weather the difficult investment conditions during the year and remain in a healthy financial position. This is because the value of the assets and the funding target went down by similar amounts. (The reduction in the funding target does not affect the benefits you have built up or any pensions in payment.)

For more details, please see the 'Summary funding statement' on pages 8 and 9.

For further details on our investment approach, read our Statement of Investment Principles (SIP) at [//www.brushpensions.co.uk/home/](https://www.brushpensions.co.uk/home/)

You can also read our Engagement Policy Implementation Statement showing how our policy on engagement activities and voting has been followed during the year.

In the news



Retirement Living Standards

The Retirement Living Standards provide a guide to how much you might need each year in retirement based on the standard of living you're aiming for – broadly, a 'minimum', 'moderate' or 'comfortable' lifestyle.

The Pensions and Lifetime Savings Association (PLSA) has recently updated the figures to reflect higher inflation and the current cost-of-living crisis. The figures are in respect of a single person and for a couple.

- The cost of a 'minimum' lifestyle has increased by 18% for a single person and by 19% for a couple.
- The 'moderate' level has increased by 12% and 11% respectively.
- The cost of a 'comfortable' lifestyle has increased by 11% and 10% respectively.

The higher increase in the cost of retirement for those looking to achieve a 'minimum' lifestyle is due to the higher proportion of their budget going towards the things that have risen the most in price: food and energy.

You can find more details on the types of lifestyles, along with an indication of what amount of income is now likely to be needed to meet them, on the PLSA website. Go to www.retirementlivingstandards.org.uk

Which Standard are you heading for?

If you're unsure which Standard your retirement benefits might provide you with:

- check your Scheme benefits,
- check any other pension savings you have,
- factor in your State Pension entitlement (go to www.gov.uk/check-state-pension),
- allow for any other sources of income you may have, such as ISAs or property rental, and
- work out your approximate total yearly retirement income and deduct income tax.

Pensions Dashboard Update

In previous issues, we have reported on the Government's Pensions Dashboard Programme – an industry-wide project to develop a 'dashboard' portal which anyone could use to keep track of all their pension savings on one secure online site.

Due to the size and complexity of the task – which will involve all UK pension schemes linking to the system – the Government has extended the project's timetable.

Previously, the intention was to onboard groups of schemes in stages, with the largest first.

There is now a single deadline for all schemes to connect: 31 October 2026 (a year later than planned). Individual schemes will still be given guideline connection dates to aim for in the meantime.



For more information about the pensions dashboard, visit www.pensionsdashboardsprogramme.org.uk. You can also read regular updates on their blog as the programme progresses: www.pensionsdashboardsprogramme.org.uk/category/blog

In the news



Changes to the pension tax allowances

The Chancellor's Spring Budget included some sweeping changes to the pension tax allowances.

In summary:

- The Lifetime Allowance is being removed in two stages:
 - From April 2023, the 'Lifetime Allowance tax charge' on any benefits above the Allowance will stop. Instead, you would pay tax on your normal highest rate on the 'extra' benefits.
 - From April 2024, the Lifetime Allowance is due to be abolished – although further details are likely to emerge about what measures may still apply to pension benefits (if any) or what might replace the current Allowance.
- The Annual Allowance increased from £40,000 to £60,000 with effect from 6 April 2023.
- The tapered Annual Allowance now starts to apply to those earning £260,000 per year (up from £240,000 per year), while the minimum tapered Annual Allowance has increased from £4,000 to £10,000.
- The Money Purchase Annual Allowance has also increased, from £4,000 to £10,000 with effect from 6 April 2023.

If you're uncertain about how these changes may affect your retirement plans, consider taking impartial financial advice (see page 6).

The Lifetime Allowance is a limit on the total amount of pension benefits you can build up over your lifetime (excluding the State pension) without triggering an extra tax charge.

The Annual Allowance is a limit on the amount of pension benefits you can build up in a tax year without triggering a tax charge. A tapered Annual Allowance applies for high earners.

The Money Purchase Annual Allowance works in a similar way to the standard Annual Allowance but only applies if you access Defined Contribution (DC) pension savings and continue to build up pension benefits.

How to protect yourself from pension scams

Recent events – from the worldwide impact of the pandemic, to issues closer to home, such as the cost-of-living crisis – have all had an effect on how people handle money matters. Many people are having to pay closer attention to their saving and budgeting. More and more financial transactions now take place online.

Sadly, these developments all create situations where scammers can thrive, whether trying to take advantage of the vulnerable, or attempting to get hold of savers' personal and financial information.

Beware any approach – by email, post or phone (it is actually illegal to cold-call you about your pension) – that asks you to supply details you would normally keep secure, or tries to steer you towards a quick financial decision.

You can find lots of useful information to help you spot and avoid scams on:

- **The MoneyHelper website:** www.moneyhelper.org.uk/en/money-troubles/scams/how-to-spot-a-pension-scam
- The 'ScamSmart' area of the Financial Conduct Authority website: www.fca.org.uk/scamsmart

More information

Scheme website



To find out more about the Scheme, go to:
[//www.brushpensions.co.uk/home/](http://www.brushpensions.co.uk/home/)
or scan the QR code
with your tablet or smartphone.

Get to know your pension at

www.yourpension.gov.uk. The site has a tool that can quickly generate a retirement checklist to help you assess where you are with your planning. It also has useful links to a pension calculator, a State Pension calculator and more.

MoneyHelper

MoneyHelper is a free, impartial guidance service, backed by the Government. It brings together the support that was previously available through the Money Advice Service, the Pensions Advisory Service and Pension Wise.

www.moneyhelper.org.uk

Contact point

Please use any of the methods below to get in touch with the Administration team.

Email: brushpensions@aon.com

Phone: 0345 268 8475

(lines are open Monday to Friday, 9am to 5pm)

Write to: Brush Pensions

Aon Scanning Division

PO Box 196

Huddersfield

HD8 1EG

Reminder to keep us up to date

Please let us know if you change your name or address so we can continue to contact you about the Scheme and your benefits.

Please also update your Expression of Wishes form if you need to. This tells us who you would like to receive any benefits that become payable in the event of your death. As Trustee, we have the final say over who receives the benefits. We will consider your Expression of Wishes form, so if you have never filled one in, or you have not done so recently, particularly if your circumstances have changed, please complete a form and send it to us.

You can download a blank Expression of Wishes form from the Scheme website or use the contact details on the left to request a blank form.

Taking advice

If you would like advice about your retirement plans, we recommend you speak with an independent financial adviser. You can find an adviser in your area by searching MoneyHelper's online directory.

Go to www.moneyhelper.org.uk and choose *Pensions and retirement > Taking your pension > Find a retirement adviser*.

Remember

If you would like more information about the Scheme, you can request a copy of the Trustee's Annual Report & Accounts. Contact the administration team (details to the left).

Helping the environment

We encourage you to contact the Administration team to provide your email address and phone number so that we can contact you more quickly, reducing printing and postage costs, and helping the environment at the same time!



Behind the scenes

As Trustees, we maintain up-to-date knowledge of pensions, investments and finance. We also attend training courses as and when necessary, for example, when pensions legislation changes. We meet regularly throughout the year to discuss how the Scheme is progressing.

The current Trustee Directors are detailed below:

Company-appointed	Member-nominated	Independent
T Burgess	G Dallard	A McKinnon, Chair
Z Zeinalova	G Peters	

We also appoint professionals to support us on areas of particular expertise.

The current advisers are detailed below:

Administrator	Aon Solutions UK Limited
Actuary	A Shah, Aon Solutions UK Limited
Auditor	Ernst & Young
Fiduciary Manager	Cardano Risk Management Limited
Investment Adviser	Aon Solutions UK Limited
Legal Adviser	Squire Patton Boggs (UK) LLP



Summary Funding statement

This section summarises the results of the actuarial valuation at 31 December 2022. It also looks at the most recent previous results. These financial health checks are vital for monitoring the Scheme's progress. We hope the information helps you to understand how the Scheme is developing.

The latest position

The table below shows how the funding position has changed over the last three years.

	Actuarial Valuation	Annual Actuarial Update	Annual Actuarial Update
Date	31 December 2022	31 December 2021	31 December 2020
The funding level	98%	113%	102%
The funding target	£189.5 million	£289.6 million	£304.1 million
The value of the Scheme's assets	£186.1 million	£326.0 million	£310.2 million
The overall position	Deficit of £3.4 million	Surplus of £36.4 million	Surplus of £6.1 million

It is important to remember that it is normal for pension scheme funding levels to fluctuate over time. Even when funding is temporarily below target, the Scheme will continue to pay benefits in full as long as it continues.

Current funding position

As a result of the volatility seen in the investment markets, the funding level has fallen to 98% as at 31 December 2022. This was mainly due to challenging market conditions in 2022.

Despite the deterioration in the funding level, the Scheme remains in a healthy position and is supported by a strong Company.



Summary Funding statement

Financial support

Although the Scheme was in deficit as at 31 December 2022 actuarial valuation, the Trustee and the Company have agreed that deficit contributions do not need to be paid to the Scheme. This is because they anticipate that future investment returns will be sufficient to remove the shortfall over a five year period.

If the Scheme came to an end

The Scheme's funding level is worked out in two ways.

- The 'ongoing' basis (shown overleaf), which assumes that the Scheme will continue into the future.
- The 'full solvency' basis, which shows the funding position if the Scheme started to 'wind up' at the date of the valuation. If this happened, all members' benefits would have to be secured without delay by buying insurance policies. This would be more expensive than paying benefits gradually over time, so the full solvency position is generally lower than the ongoing position, even for fully funded pension schemes.

At 31 December 2022, the Scheme's full solvency funding level was 83% with a shortfall of £37.4 million.

Please note that we are legally required to report the full solvency position as part of this funding statement. The Company has no current plans to end the Scheme.

We must also tell you if there have been any payments to the Company out of Scheme funds in the last 12 months. There have not been any such payments.

The Pensions Regulator

The Pensions Regulator is the UK watchdog of workplace pension schemes. It has the authority to change the way occupational pension schemes are run though it has not needed to use its powers in this way for our Scheme. You can find out more about the Regulator online at

www.thepensionsregulator.gov.uk

