

Brush Group (2013) Pension Scheme Newsletter

Welcome to your latest Scheme newsletter, keeping you up to date with your pension benefits and wider pensions news.

Autumn 2020

In this issue

Welcome to your latest Scheme newsletter, keeping you up to date with your pension benefits and wider pensions news.

We include the headline figures from the Scheme's Annual Report & Accounts, and an update on how the investments have performed.

We also report on the Scheme's latest funding position following the results of the valuation at 31 December 2019.

Away from the Scheme, we include a feature on the increasing threat of cybercrime and how you can help to protect yourself. We provide an update on the Brexit situation and we summarise the Pension Schemes Bill which recently started its second reading in Parliament. We also report on the extra checks trustees must undertake when verifying defined benefit to defined contribution transfers.

Meanwhile, the coronavirus pandemic continues to have a significant effect on the global economy. Please be assured that, as Trustees, we are continuing to monitor the situation carefully and have worked closely with our advisers to ensure that the Scheme can continue to function normally, despite the pandemic.

Finally, the Privacy Notice for the Scheme has been updated from October 2020. A copy of the new notice can be found on page 9.

Please do get in contact if you have a query about the Scheme or your benefits. The contact details are on page 8.

Andy McKinnon
Chair of the Trustees

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In numbers






The membership

At 31 December 2019 there were 1,462 members in the Scheme compared with 1,481 members at 31 December 2018.

953	Deferred members - no longer building up benefits but have benefits in the Scheme for when they retire
509	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 8.

The value of the assets supporting the Scheme at 31 December 2018 (excluding AVCs)	£243.3M	
The increase in the value of the assets over the reporting year	£43.9M	
The total value of benefits paid to members during the year	-£9M	
The total expenses incurred during the year	-£0.5M	
The value of the assets supporting the Scheme at 31 December 2019 (excluding AVCs)	£277.7M	

Summary Funding Statement

This section summarises the results of the valuation at 31 December 2019. 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 since the Actuarial updates at 31 December 2018.

	Results of the Actuarial Valuation	Actuarial Update
Date	31 December 2019	31 December 2018
The funding level	101%	97%
The funding target	£276 million	£250.6 million
The value of the Scheme's assets	£277.7 million	£243.3 million
The overall position	Surplus of £1.7 million	Shortfall of £7.3 million

The latest valuation shows that the funding level has improved since the update at 31 December 2018.

Reasons for the change

The improvement in the Scheme's funding position has been mainly due to strong investment returns.

Post year end experience

Despite the volatility in the financial markets caused by the coronavirus pandemic, the Scheme's funding level has remained reasonably stable. The steps the Trustees took at the beginning of 2020 (detailed on page 5) to move some of the Scheme's assets to less risky investments helped protect the Scheme's funding position. As at 30 September 2020, the Scheme was estimated to be around 100% funded.

Financial support

As the Scheme was in surplus as at 31 December 2019 valuation, the Company does not currently need to contribute to the Scheme.

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.

If the Scheme came to an end

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

- The 'ongoing' basis (shown on the previous page), 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.

The results of the 31 December 2019 valuation, show the Scheme's full solvency funding level of 74% with a shortfall of £96.4 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.



Investment update

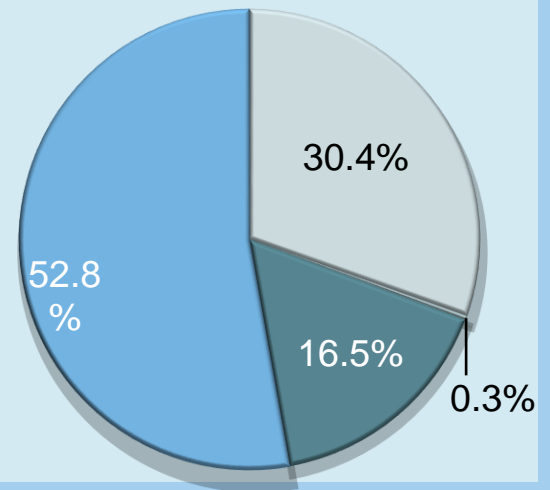
As Trustees, it is our responsibility to decide on the overall investment strategy, and to make changes as and when appropriate. We work closely with our investment advisers and we keep a close eye on how the funds are performing.

Asset allocation

At 31 December 2019, the Scheme held assets of £277.7M compared with £243.3M at 31 December 2018 (not including the value of members' AVCs)

The chart adjacent shows how the Scheme's assets were allocated at 31 December 2019, across asset types.

- Liability Driven Investment Funds 52.8%
- Equities 30.4%
- Cash 0.3%
- Diversified Growth Funds 16.5%



Performance

The table below shows how the Scheme's investments have performed. Performance is gross of fees.

Performance over the year to 31 December 2019	Performance over three years to 31 December 2019 (% per year)	Performance over five years to 31 December 2019 (% per year)
18.7%	6.8%	9.7%

You can see that performance was very positive over the year to 31 December 2019 as well as over the three-year and five-year periods. At the beginning of 2020, the Trustees took steps to move some of the Scheme's assets to less risky asset classes, following the strong investment performance experienced by the Scheme, to help reduce the risk of a deterioration in the Scheme's funding position.

Additional Voluntary Contributions (AVCs)

As you will be aware, the main benefits provided under the Scheme are 'final salary' benefits. Some Scheme members chose to pay Additional Voluntary Contributions (AVCs) to increase their overall level of benefits from the Scheme. AVC benefits are calculated in a different way to the main Scheme benefits, they are 'defined contribution' (not final salary) which means the amount of AVC benefit depends on the amount of AVCs paid in and the investment returns achieved on those AVCs.

The Trustees would like to remind you that it is important to regularly review your investment choices, to make sure they are still suitable for you. If you require further details on your AVCs please contact the Aon Brush Team (see page 8 for details).

Protect yourself from cybercrime

Hackers want access to your finances – bank accounts, retirement accounts, loans, etc. Bank accounts are the top target, but retirement accounts are becoming increasingly attractive to fraudsters. This is probably because they are not checked as often as everyday financial accounts, and because they can hold a lifetime of savings.

Financial advisers recommend checking your retirement accounts regularly and to report any unfamiliar transactions.

Individually, we all have a responsibility to protect our own data to reduce the risk of cybercrime. Here are some top tips to help you keep your online data secure.

1. **Use strong passwords.** Make them complex, change them regularly and don't use the same one on multiple sites. In 2019, the UK's National Cyber Security Centre found that '123456' was the most widely used password on breached accounts, followed by '123456789', 'qwerty', 'password', and '1111111'.
2. **Install security software.** There are lots of options when it comes to protecting your devices and software from viruses and other malware. This kind of software is often available at no cost.
3. **Keep your devices and software up to date.** Regular updates can be frustrating, but they are vital to patch any potential flaws cybercriminals look for.
4. **Back up your most important data.** Save your most important online data to an external hard drive or cloud-based storage system.
5. **Lock your devices.** Use the screen lock function on your smartphone and tablets.
6. **Manage your social media settings.** The more you share online the greater the risk, so keep your personal and private information secure on social media.
7. **Strengthen your security on Wi-Fi.** Use a strong password when using public Wi-Fi. It's also a good idea to use a virtual private network (VPN), which will encrypt everything that leaves your device until it gets to its destination.

To find out more about the threat of cybercrime and how you can stay safe, go to: www.getsafeonline.org and www.ncsc.gov.uk.

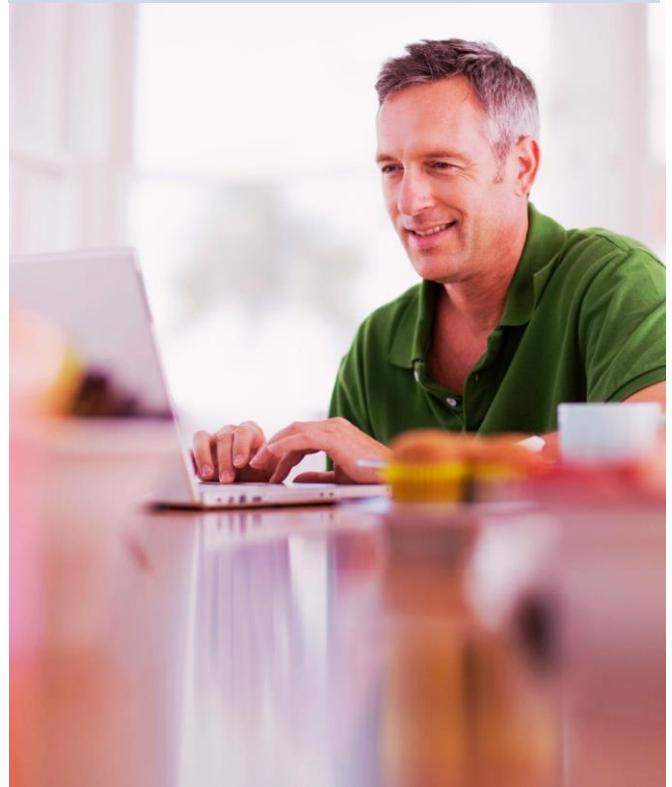
If you are a victim of cybercrime, report it to Action Fraud, the UK's fraud and cybercrime reporting centre: www.actionfraud.police.uk.

Pension Schemes Bill reintroduced

In January, the Government reintroduced the Pension Schemes Bill to Parliament. It had been held up due to December's General Election. The Bill started its second reading in Parliament in October 2020. The Bill includes:

- New powers and sanctions to enable the Pensions Regulator to take stronger action where pension schemes are not being run properly.
- Provisions to support online pension dashboards, so that individuals can access details of all their pension arrangements in one place.
- A requirement for trustees of DB plans to produce a statement on their long-term funding and investment strategy.
- Provisions allowing for restrictions on transfer payments, to help prevent pension scams.

The timescale for these measures to come into force has not yet been confirmed – we will keep you updated.



Coronavirus and Brexit update

Brexit uncertainty dominated the financial landscape following the outcome of the EU referendum in 2016 – until the coronavirus pandemic.

Following the General Election in December 2019, the European Union (Withdrawal Agreement) Act received Royal Assent on 23 January 2020.

The UK left the EU on 31 January 2020, with transitional arrangements in place until 31 December 2020. This means that the immediate impact of Brexit is currently limited.

However, the coronavirus pandemic is having a significant impact on markets and the wider economy.

As Trustees of the Scheme, we continue to monitor both issues as they develop. We have robust strategies in place to ensure the efficient day-to-day running of the Scheme and ensure that members are able to access the services they need.

Raising the Minimum Pension Age

Under current pension rules individuals can choose to access pension benefits from occupational and private pensions from age 55.

However, in a response to a recent parliamentary question, the government has confirmed that from 2028, the minimum pension age will increase from age 55 to 57.

While there is currently no legislation to this effect, the government confirmed legislation will be brought forward in due course.

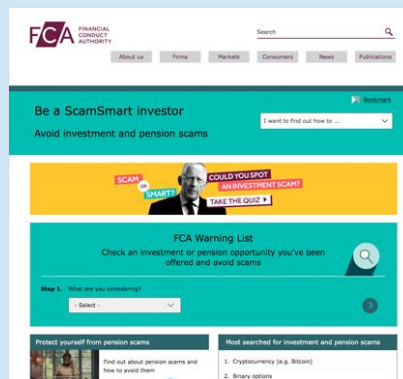
Pension fraud: are you ScamSmart?

Pension fraud remains a threat to your savings so it's important that you know what warning signs to look out for and are aware of the risks.

The Government is trying to help to tackle the problem and has banned cold calling about pensions. Companies can no longer make unsolicited calls and those that do could face significant fines.

Note that not all calls about pensions have been banned. To be legal, the caller must be Financial Conduct Authority (FCA)-authorised, or the trustee or manager of your scheme, and you must either have agreed to receive calls from the caller or have an existing client relationship with the caller and have not opted out of receiving such calls.

The Financial Conduct Authority has also launched a ScamSmart campaign. Go online to www.fca.org.uk/scamsmart and take the quiz to see if you could spot a scam.



Follow their three rules to keep your savings safe:

- Reject unexpected offers
- Spot the warning signs
- Check if a firm is FCA-authorised

If someone approaches you with an offer that sounds too good to be true, know what to look for and what your next steps should be.

If you have any doubts about the legitimacy of any offer you receive, speak to an expert before you sign up for anything.

If you think you may be a victim of a pension scam, contact Action Fraud. Phone **0300 123 2040** or go to their website, www.actionfraud.police.uk, and fill in an online fraud report.

More information

To find out more about the Scheme, please go to www.brushpensions.co.uk

For more general information on pensions and saving for retirement, the following websites are useful resources.

www.moneyadviceservice.org.uk

The Money Advice Service provides general advice on all money matters including pensions and finding an independent financial adviser.

www.gov.uk

The Government's website features a section 'Working, jobs and pensions', which includes a State Pension Age calculator.

Early Resolution Service

If you have a concern about your benefits, contact the Pensions Ombudsman's Early Resolution Team:

Go to www.pensions-ombudsman.org.uk/our-service/make-a-complaint

Phone: **0800 917 4487** and select the option to discuss a potential complaint

Email: helpline@pensions-ombudsman.org.uk

Contact point

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

Email: brushpensions@aonhewitt.com

Phone: 0345 268 8475
(lines are open Monday to Friday, 9am to 5pm)

Write to: Brush Pensions
Aon
PO Box 196
Huddersfield
HD8 1EG

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 Board is made up of Company-appointed Trustee Directors, member-nominated Trustee Directors and an Independent Trustee Director. The current Trustee Directors are detailed below:

Company-appointed	Member-nominated	Independent
G Barnes	G Dallard	A McKinnon, Chairman
B Hewitson	G Peters	
G Morgan	A Pidgeon	

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

Administrator	Aon Solutions UK Limited (formerly Aon Hewitt Limited)
Actuary	A Shah, Aon Solutions UK Limited
Auditor	Ernst & Young
Legal Adviser	Squire Patton Boggs (UK) LLP

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 the Trustees, 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.

Taking advice

If you would like advice about your retirement plans, we recommend you speak with an independent financial adviser (IFA). You can find an adviser in your area by searching the Money Advice Service directory at

<https://directory.moneyadviceservice.org.uk/en>.

Before you appoint anyone, you should check that the adviser is suitably qualified and authorised. You can do this online at <https://register.fca.org.uk> or by phoning the Financial Conduct Authority helpline, **0800 111 6768**.

Remember: if you would like more information about the Scheme, you can request a copy of the Trustees' Annual Report & Accounts. Contact the administration team (details shown on this page).

PRIVACY NOTICE

for the Brush Group (2013) Pension Scheme (the "Scheme")

You do not need to take any action with regard to this privacy notice except to note its contents.

This notice is for members and beneficiaries of the Scheme. It has been prepared by Brush Scheme Trustees Limited (the "Trustee", or "we") in its capacity as trustee of the Scheme.

This notice will also be made available on the Scheme's website at <http://www.brushpensions.co.uk/>.

Why we are providing this notice to you

As the trustee of the Scheme we hold certain information about you ("personal data"). We are required by law to give you specified information about the personal data we hold about you, how we use it, and the safeguards that are in place to protect it. This notice is designed to give you that information.

Why we hold your personal data

The Trustee processes personal data about you, in its role as controller, for the proper handling of all matters relating to the Scheme, including its administration and management, calculating, securing and paying benefits and managing liabilities in relation to it. Further information about how we process this data is provided under the heading "*How we will use your personal data*" below.

The legal basis for our use of your personal data will generally be one or more of the following:

- a) We need to process your personal data to satisfy our legal obligations as trustee of the Scheme
- b) We need to process your personal data for the legitimate interests of: administering and managing the Scheme and liabilities under it; calculating, securing and paying benefits; and performing our obligations and exercising any rights, duties and discretions the Trustee has in relation to the Scheme
- c) The processing is necessary for the performance of a contract to which you are party, or in order to take steps at your request prior to entering into a contract

What personal data we hold and how we obtain it

The types of personal data we hold and process about you can include:

- Contact details, including name, address, telephone numbers and email address
- Identifying details, including date of birth, national insurance number and employee and membership numbers
- Information that is used to calculate and assess eligibility for benefits, for example length of service and salary information
- Financial information relevant to the calculation or payment of benefits, for example bank account and tax details
- Information about your family, dependants or personal circumstances, for example, marital status and information relevant to the distribution and allocation of benefits payable on death
- Information about your health, for example, to assess eligibility for benefits payable on ill health, or when your health is relevant to a claim for benefits following the death of a member of the Scheme
- Information about a criminal conviction if this has resulted in you owing money to your employer/the Scheme and the employer/Scheme may be reimbursed from your benefits

We obtain some of this personal data directly from you. We may also obtain data from your employer, your current or past employer(s) or companies that succeeded them in business (for example salary information), from a member of the Scheme (where you are or could be a beneficiary of the Scheme as a consequence of that person's membership), and from a variety of other sources including public databases, our advisers, and government or regulatory bodies.

Where we obtain information concerning certain "special categories" of particularly sensitive data, such as health information, extra protections apply under the data protection legislation. We will only process your personal data falling within one of the special categories with your consent, unless we can lawfully process this data for another reason permitted by that legislation. You have the right to withdraw your consent to the processing at any time by notifying the Trustee in writing. However, if you do not give consent, or subsequently withdraw it, the Trustee may not be able to process the relevant information to make decisions based on it, including decisions regarding the payment of your benefits.

Where you have provided us with personal data about other individuals, such as family members, dependants or potential beneficiaries under the Scheme, please ensure that those individuals are aware of the information contained within this notice.

How we will use your personal data

We may use this data to deal with all matters relating to the Scheme, including its administration and management. This can include the processing of your personal data for all or any of the following purposes:

- to contact you
- to assess eligibility for, calculate and provide you (and, if you are a member of the Scheme, your beneficiaries upon your death) with benefits
- to identify your potential benefit options and, where relevant, implement those options
- to allow alternative ways of delivering your benefits, for example, through the use of insurance products and transfers to or mergers with other pension arrangements
- to comply with our legal and regulatory obligations as trustee of the Scheme
- to respond to queries from you and others that may receive benefits as a consequence of your membership, and to address any actual or potential disputes concerning the Scheme
- the management of the Scheme's liabilities, including the entering into of insurance arrangements and selection of Scheme investments
- for statistical and financial modelling and reference purposes
- in connection with the sale, merger or corporate reorganisation of the employers that sponsor the Scheme and their group companies

Organisations that we may share your personal data with

From time to time we will share your personal data with our advisers and service providers so that they can help us carry out our duties, rights and discretions in relation to the Scheme. These include the following:

- The third party administrator, currently Aon Solutions UK Limited (formerly Aon Hewitt Limited).
- The legal advisers to the Trustee, currently Squire Patton Boggs (UK) LLP. Their privacy policy, which sets out how they carry out their obligations in relation to personal data, can be found at: <https://www.squirepattonboggs.com/en>.
- The Scheme actuary, currently Alka Shah of Aon Solutions UK Limited. More detail about Aon Solutions' use of your personal information is set out in their full Privacy Notice. We recommend that you review this notice which is available online at <https://www.aon.com/unitedkingdom/retirement-investment/retirement-investment-services-privacy-statement.jsp>.
- Actuarial consultants, currently Aon Solutions UK Limited. Please see the Aon Solutions Privacy Notice. Link above.
- The Scheme auditors, currently Ernst & Young LLP.
- Investment advisers, currently Aon Solutions UK Limited.
- Additional voluntary contribution providers, currently Aviva, Utmost Life and Pensions, and Royal London.
- Tracing bureaus for mortality screening and locating members and beneficiaries, currently Lexis Nexis (Risk Solutions).
- The Trustee's insurers, currently OPDU.
- Medical adviser, currently Gel Ltd (trading as Healthwork).
- The Scheme's banks.
- Suppliers of IT, document production and distribution services.

In some instances, advisers and service providers will be controllers in their own right and will be directly responsible to you for their use of your personal data. They may be obliged under the data protection legislation to provide you with additional information regarding the personal data that they hold about you and how and why they process that data. Further information may be provided to you in a separate notice or may be obtained from the advisers and service providers direct, for example, via their websites. Whenever one of our advisers or service providers acts as a joint controller with us in respect of your personal data, because we jointly determine the purposes and means of processing it, we will agree with them how we are each going to meet our respective and collective obligations under the data protection legislation. If you would like more information about how such an arrangement works, please contact us using the contact details below.

We may also provide some of your data to the Scheme's sponsoring employers (including Brush Electrical Machines Limited) and group companies of those employers, their advisers and potential purchasers of their businesses.

In addition, where we make Scheme investments or seek to provide benefits for Scheme members in other ways, such as through the use of insurance or pension scheme mergers, then we may need to share personal data with providers of investments, insurers and other pension scheme operators. In each case we will only do this to the extent that we consider the information is reasonably required for these purposes.

The advisers, service providers and organisations referred to in the paragraphs above may use personal data to perform their functions as well as for statistical and financial modelling (such as calculating expected average benefit costs and mortality rates) and planning, business administration and regulatory purposes. They may also pass the data to other third parties (for example, insurers may pass personal data to other insurance companies for the purpose of obtaining reinsurance), to the extent they consider the information is reasonably required for a legitimate purpose.

Where requested or if we consider that it is reasonably required, we may also provide your personal data to government bodies and dispute resolution and law enforcement organisations, including the courts, the Pensions Regulator, the Pensions Ombudsman, the Pension Protection Fund and Her Majesty's Revenue and Customs (HMRC). They may then use the data to carry out their legal functions.

In some cases, recipients of your personal data may be outside the UK / European Economic Area (EEA). This means your personal data may be transferred outside the UK / EEA to a jurisdiction that may not offer an equivalent level of protection as is required by the UK / EEA countries. If this occurs, appropriate safeguards must be implemented with

a view to protecting your data in accordance with applicable laws. Please contact the Trustee, using the contact details below, if you want information about the safeguards that are currently in place.

How long we keep your personal data

We will only keep your personal data for as long as we need to in order to fulfil the purposes identified above. In practice this means that we will retain your data for such period as you (or any beneficiary who receives benefits after your death) are entitled to benefits from the Scheme and for so long afterwards as may be required to deal with any questions, complaints or claims that we may receive about our administration of the Scheme. We may also retain your data for a longer period to comply with our legal and regulatory obligations.

Your rights

You have a right to access and obtain a copy of the personal data that the Trustee holds about you and to ask the Trustee to correct your personal data if there are any errors or it is out of date or incomplete. In certain circumstances you have the right to object to the processing of your personal data; for example you have the right to object to processing of your personal data which is based on the legitimate interests identified in the section above headed "*Why we hold your personal data*", or where the processing is for direct marketing purposes. In some circumstances you may also have a right to ask the Trustee to erase or restrict the processing of your personal data or to transfer your personal data. You can obtain further information about these rights from the Information Commissioner's Office at: www.ico.org.uk or via their telephone helpline (0303 123 1113).

If you wish to exercise any of these rights or have any queries or concerns regarding the processing of your personal data, please contact the Trustee using the contact details provided below. You also have the right to lodge a complaint in relation to this privacy notice or the Trustee's processing activities with the Information Commissioner's Office, and you can do this via the ICO's website or telephone helpline.

As explained in the section above headed "*How we will use your personal data*", one of the reasons we collect and hold your personal data is to administer your Scheme benefits. If you do not provide the information we request, or ask that the personal data we already hold is deleted or that the processing of the personal data be restricted, this may affect our ability to administer your benefits, including the payment of benefits from the Scheme. In some cases it could mean the Trustee is unable to put your pension into payment or has to stop your pension (if already in payment).

Updates

We may update this notice periodically. Where we do this we will inform you of the changes and the date on which the changes take effect.

Contacting us

Please contact the Trustee for further information using the contact details below.

Secretary to the Trustee of the Brush Group
(2013) Pension Scheme

c/o Aon

Colmore Gate

2 Colmore Row

Birmingham

B3 2QD

Telephone: 0121 262 5063

Website: www.brushpensions.co.uk

E-Mail: brushpensions@aonhewitt.com