



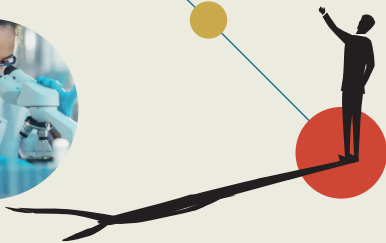
ITB

ISSUE 39

MAY 2024

PensionNews

The Newsletter for Members
of the ITB Pension Funds



YOUR SCHEME WORKING
FOR YOUR FUTURE

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Your Trustees

The ITB Pension Funds is managed by a Board of 14 Trustees. 7 are nominated by employers and 7 are nominated by members. There have been no changes in the last year.

Newell McGuiness
Chair – nominated
by SECTT



David Birtwistle
Employers' Deputy
Chair – nominated by
Enginuity



Robert Tabor
Members' Deputy
Chair – nominated by
pension fund members
working for Lantra



Maurice Alston
nominated by pensioner
members of the Closed Fund

Peter Austin
nominated by pensioner and
deferred members of the
Open Fund

Richard Capewell
nominated by Lantra

John Dearden
nominated by RTITB

Terry Lazenby, MBE
nominated by ECITB

David Lewis
nominated by pension fund
members working for ECITB

Martin McManus
nominated by pension fund
members working for Cogent
Skills, RTITB and SECTT

Peter Rogerson, OBE
nominated by CITB

Marie Rowlands
nominated by pension
fund members working for
Enginuity

Peter Sparkes
nominated by pension fund
members working for CITB

Joanna Woolf
nominated by Cogent Skills

Changes to the Open Fund

DEFINED CONTRIBUTION SECTION

Active members of the Open Fund DC Section will have been made aware by their employer that the Trustee plans to transfer the Section to a different scheme and then wind-up the Section. The information below is for all DC members and intended also for those members with a built-up pension pot who no longer work for one of the participating employers of the ITB Pension Funds (“deferred members”).

WHAT IS HAPPENING?

The Trustee of the Funds has decided to transfer members’ built-up DC pension pot to another pension scheme and wind-up the DC Section of the Funds. Following the transfer and wind-up, if you are currently employed by a participating employer and making contributions (an “active member”) your employer will continue to provide the same DC benefits as provided now, but through a different pension scheme.

WHAT DO I NEED TO DO?

Members are not required to take any action as the changes will be made by the Funds and DC scheme provider. However, members are asked to consider the information in this update and let their HR contact, or ITB Pension Funds if you no longer work for an ITB Pension Fund participating employer, know of any questions or concerns.

WHY IS THE CHANGE HAPPENING?

The Trustee is winding-up the Open Fund DB Section, therefore the DC Section of the Open Fund, to which all active members are currently paying contributions, will also be wound-up and transferred to another pension scheme. Following the wind-up, your employer will continue to provide a pension scheme to active members in accordance with its legal obligation, that continues to offer

good value for members and along the same lines as is currently being provided.

WHEN IS THIS CHANGE HAPPENING?

The transfer and wind-up of the ITB Pension Funds DC Section is planned for September 2025. A replacement DC scheme will be in place immediately afterwards, so there will be continuity of pension provision.

WHO WILL THE CHANGE AFFECT?

The change to the pension scheme will affect all DC members of the Funds.

HOW WILL IT AFFECT ME?

Your pension provision will continue as it is today, with contributions being paid by you and your employer being paid into the new scheme. Your built-up DC pot, which is currently managed by

L&G (the Fund's DC investment manager), will be transferred to the new scheme. Following the transfer your ongoing future contributions, and those made by your employer, will be added to your pot in the new scheme. The ITB Pension Funds DC Section will be wound up and so the contact for any pension queries will be your HR contact or the new provider.

WHAT IS THE NEW SCHEME AND HOW WILL IT BE CHOSEN?

The Trustee is required by law to select a replacement scheme, and this will be done under a full competitive tender process run by the Trustee. The objective of the selection process is to select the most appropriate replacement scheme, whilst ensuring that members' best interests are served, and assets are protected throughout the transfer process and beyond.



The selection process has begun, and it is expected that the Trustee's choice of new provider will be completed by the end of October 2024. Pension regulations provide that, following the Trustee selection process, your employer may choose a different provider if it so wishes. Your employer will be in touch with you about this aspect when the Trustee selection has been made. Members will also have the opportunity to select their own scheme for their accumulated DC pots, although not for where future contributions are invested, which will either be invested in the scheme chosen by the Trustee or your employer. The Trustee will be in touch with you about this later in the process.

HOW WILL THE NEW SCHEME BE GOVERNED?

The ITB Pension Funds is a "Master Trust", which means it is subject to a high level of scrutiny by The Pensions Regulator regarding its governance, charges and investment options. The replacement scheme selected by the Trustee will also be a Master Trust,

with the same level of high standards and regulatory scrutiny.

WHAT WILL HAPPEN TO THE LIFE ASSURANCE COVER?

This cover that is provided for active members is planned to continue following the change of scheme. Either cover will be provided through the new scheme, or your employer will find equivalent cover through a separate arrangement.

COMMUNICATION THROUGHOUT THE PROCESS

The Trustee will continue to inform all DC members about the progress of the transfer and wind-up of the DC Section through these six-monthly newsletters. Employers will also have organised a consultation for employees, which is being supported by the Trustee. There will also be specific statutory communications sent to all DC members throughout the process. These communications will inform DC members of the replacement scheme when it is selected by the Trustee.

Open Fund Defined Contribution

SECTION UPDATE

Information about your own account can be viewed on the L&G My Account website

www.legalandgeneral.com/existing-customers/my-account-login.

If you have not yet registered for this website you are very much encouraged to do so, as they contain an up-to-date valuation of your pension pot and lots of information about your investments and options. It includes a Retirement Living Standards Tool that illustrates how much you may need to live on in retirement assuming different levels of living standard and a Retirement Planner that shows how much your pension could be when you retire. These can get you thinking about how much you will need when you retire. My Account also has information about assessing options for taking your pension on retirement and there's even a regular prize draw.

L&G is replacing its “Coll8” app with a new app which will be available from August 2024 and will simply be branded “L&G”.

The Trustee reminds DC members that the level of contributions is a key factor in determining the overall size of your pension pot and that investing in a pension is a long-term undertaking – the more you put in the more you should get out. Active members can consider paying extra contributions – called Additional Voluntary Contributions (AVCs) – into your DC pension by contacting your HR contact.

Recent performance of the main DC funds is shown in the table opposite. You can look up your own fund performance on the L&G website using the link above. The Default Fund growth phase performance is shown as 92% of members making contributions are invested in this fund. The growth phase is the way the fund is invested if you are 15 or more years



from retirement. If you are nearer retirement the Default Fund automatically switches investments to progressively lower risk funds from 15 years before retirement to help lock in earlier returns. If you are not invested in the Default Fund this switch does not occur unless you instruct it.

Investment markets continue to be volatile, however, the periods to March 2024 saw a strong recovery in performance and over a longer period of time returns also remain positive. The chart shows that, on average, members in the growth phase of the Default Fund have received 8.3% return each year for the last five years.

DC Fund Performance to 31 March 2024	1 Year	5 Years (pa)
Default Fund growth phase	19.6	8.3
Equity Fund (Unhedged)	22.9	9.9*
Equity Fund (Hedged)	25.7	9.9*
Multi Asset Fund	8.6	4.3

*As we changed to a new equity fund in July 2021 the long-term performance is for the previous equity fund, which is still available as a self-select fund.



Early Retirement for Members with Open Fund DB Old Section Benefits

POTENTIAL ACTION REQUIRED

Members under 65 with Open Fund Defined Benefit Old Section (“Old Section”) benefits who have not yet taken their pension should consider this information carefully and perhaps take independent financial advice about whether to take any action.

If you have Old Section benefits and take your retirement benefits before the normal retirement age of 65 your pension is reduced by applying the factors in the following table. This is to reflect that your pension will be paid for a longer period than if you were to retire at 65. Under the rules of the Fund, the factors are subject to review and change by the Trustee. In practice, they have been left unchanged since 2001.

Complete years prior to Scheme Normal Retirement Age	% of Old Section pension
1	99
2	98
3	97
4	96
5	95
6	92
7	89
8	86
9	83
10	80

Note: All factors may be subject to change in the future and pensions are reduced for each month you retire before your Normal Retirement Date; a part month counts as a whole month.



The Trustee has recently reviewed the factors and has decided to align the factors that apply to your benefits on early retirement with market rate factors. This change will take effect from 1 October 2024. At current market rates this is likely to lead to larger reductions in pensions for early retirement than under the current factors.

Market rate factors are updated regularly to reflect latest market conditions therefore a table of market rates, enabling a simple comparison with the current factors, can't be provided easily. If you have Old Section benefits and would like a personalised quotation for what pension you could take before age 65 using the current factors (as set out in the table above), please contact the Funds Office using the details at the end of this Newsletter.

The latest date to request a quotation from the Funds Office using the current early retirement factors is 20 September 2024, for an early retirement date that is no later

than 30 November 2024. This will allow the Funds Office to arrange the quotation prior to 1 October 2024 on the current factors, which will be valid for acceptance up to (and including) 30 November 2024.

If you take your benefits on or after your normal retirement date of age 65, this change will not affect you.



Open Fund Defined Benefit Section

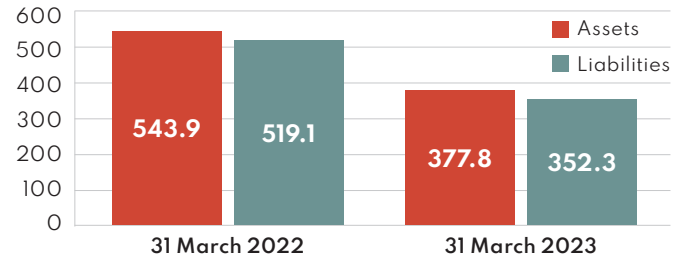
FUNDING UPDATE

For the Open Fund DB Section there has been no more recent valuation since the previous newsletter in January 2024. As reported in that newsletter, the latest annual check-up valuation as at March 2023 was completed in October 2023 and showed that assets were valued at £378m whereas all the pensions to be paid in future were valued at £352m, representing a funding level of 107%. The fairly large reduction in both values were due to the increase in gilt yields / interest rates experienced following the mini-budget of September 2022, as gilt yields are used as a discount rate for valuing the net present value of future pensions and related government bond assets.

It was also reported that in July 2023, an agreement was reached with the insurance company Just Group for a final buy-in insurance policy, which meant all the Open Fund's DB liabilities are now insured, with all members

being insured under either a Just Group or Pensions Insurance Corporation (PIC) policy held in the name of the Trustee. The Trustee is now taking actions to prepare for the transfer of your Open Fund DB benefits to the insurance companies, which is planned for late in 2025. Once this transfer is complete it will be Just Group or PIC, and not the Trustee, who will be responsible for looking after members pension benefits. The Trustees and the insurance companies will write to you well in advance of the transfer to inform you of the arrangements.

Open Fund DB Section Valuation



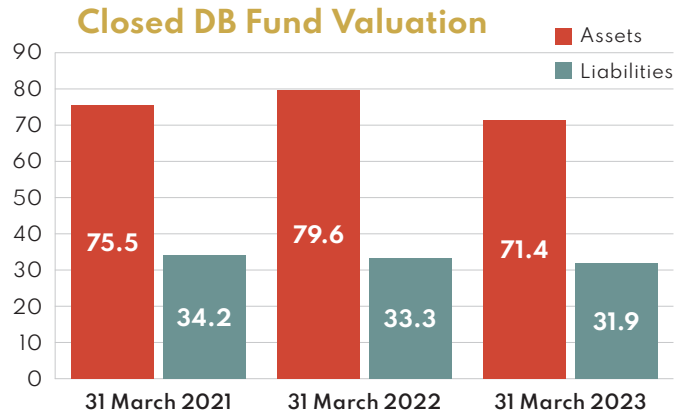
Closed Defined Benefit Fund

FUNDING UPDATE

There has been no more recent valuation of the Closed Fund since the previous newsletter issued in January 2024. You will remember that all the future pensions in the Closed DB Fund are insured with an insurance company – Pension Insurance Corporation (PIC). The valuation shows the value of the other assets in excess of the insurance policy and compares that to potential future costs. The most recent, annual update valuation at 31 March 2023 showed that the assets were valued at £71m, whereas all the provisions for future costs were valued at £32m. The next valuation as at 31 March 2024 is now in progress. This will be a full valuation of the type that is performed once every three years. As part of the 2024 valuation process the Trustee will decide whether to use its discretion to award a special additional pension increase. It is expected the full 2024 valuation will be completed, and a

decision about any special pension increase will be made, early in 2025.

The way the Closed Fund assets are invested is shown in the Statement of Investment Principles which is available on the Funds' website www.itb-online.co.uk.



CHANGE TO THE NORMAL MINIMUM PENSION AGE

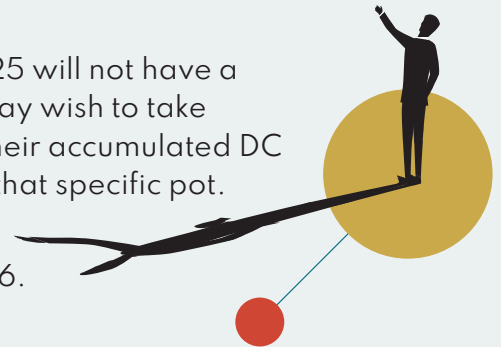
Currently, you must be aged 55 or over before you can start taking money from your ITB pension. This is called the normal minimum pension age (NMPA) and it's set by the Government. The Government has announced that from 6 April 2028, the NMPA will increase to age 57. There are still some circumstances where you can take money earlier, for example, if you're suffering from ill health or have a protected pension age.

Members of The ITB Pension Funds who joined the scheme on or before 3 November 2021 have a protected NMPA of age 55 specifically for their ITB pension benefits, while they remain a member of the Funds.

Members who joined the scheme after 3 November 2021 do not have a protected NMPA and so for these members the minimum age at which retirement benefits can be taken will increase to age 57 from 6 April 2028.

The replacement DC Scheme planned for September 2025 will not have a protected NMPA. DC members with a protected NMPA may wish to take independent financial advice about whether to transfer their accumulated DC pot to their own arrangement to retain the protection for that specific pot.

All deferred DB members have a protected NMPA and this will be retained after the Open Fund winds-up in 2026.



2024 Budget Announcements

In its March 2024 budget, the government made a number of announcements regarding pensions. The main announcements are set out below.

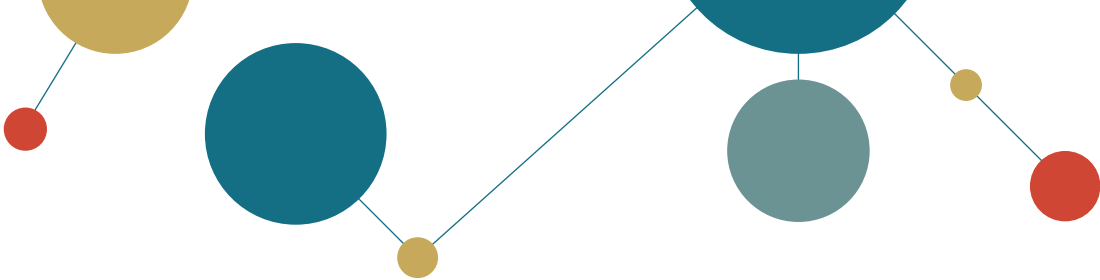
1. UK STATE PENSION WAS INCREASED BY 8.5%

State pension was increased by 8.5% from Monday 8 April 2024. The triple lock means that the state pension increases every year by the highest of: inflation, average earnings growth or 2.5%. The wage growth figure decided the 2024 rise, after the CPI inflation number came in at 6.7%.

The full new state pension has risen to £221.20 a week, from £203.85. This adds up to £11,502 a year, compared to the previous £10,600. Meanwhile, the full basic state pension has risen to £169.50 a week, from the previous level of £156.20. How much state pension you get depends on your National Insurance record, so you could get less than the headline rate.

2. PENSION CREDIT HAS ALSO RISEN

The amount of pension credit paid by the government has also risen this year. Pension credit is one of the most underclaimed and misunderstood benefits. Up to £2.1 billion of available pension credit went unclaimed in 2021/22, according to official figures. If you are over state pension age (66) and your income is less than £218.15 a week, pension credit will top you up to that amount. For a couple, the combined income figure is £332.95. This figure rose by £17.10 on 8 April, from the previous amount of £201.05. For couples, it rose by £26.10 (previously £306.85). This represents an 8.5% increase, the same as the state pension.



This top-up is known as “guarantee credit”. There is another part of pension credit called “savings credit”. You could be eligible for one or both parts. Savings credit is payable to people who reached state pension age before 6 April 2016.

If you're eligible, you'll get up to £17.01 a week (£19.04 if you have a partner). This figure rose by 6.7% on 8 April (based on CPI inflation in September 2023). Previously, you would have received £15.94 a week (£17.84 if you have a partner).

3. LIFETIME ALLOWANCE HAS BEEN ABOLISHED

The pension lifetime allowance has now been scrapped altogether. Last year, the lifetime allowance tax charge was ditched for pension savers that breach the £1,073,100 total limit that can be held in pension pots. However, you should note that although the lifetime allowance has been abolished, there will still be a cap of £268,275 on the tax-free lump sum you can take from your pension.

It's also worth noting that allowances and pension payments are subject to government policy which can change from time to time, depending on the government in place.

Update Us

Please use the contact details below to let us know of any changes of address or marital status.

We previously asked for email addresses so we can contact you that way.


We received many replies, thank you very much! We are in the process of recording all the email addresses and expect to use them in future to contact you more efficiently. Meanwhile we will continue to post this newsletter.

GET IN TOUCH

Please get in touch by email if you can.
If not, you can call or write to us.

 **Email us:** pensions@itbpen.com

 **Phone us:** 01923 226264

 **Write to us:** ITB Pension Funds,
23 King St, Watford,
Herts, WD18 OBJ

WEBSITES

You can also check the information
available on the websites:

FOR ALL MEMBERS:

ITB Pension Funds: www.itb-online.co.uk

FOR DC MEMBERS:

L&G website: [www.legalandgeneral.com/
existing-customers/my-account-login](http://www.legalandgeneral.com/existing-customers/my-account-login)