

ITB

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PensionNews

The Newsletter for Members
of the ITB Pension Funds



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Your Trustees

The ITB Pension Funds is managed by a Board of 14 Trustee Directors. 7 are nominated by employers and 7 are nominated by members. The only change since the previous Members Newsletter is that in October 2024 John Dearden stepped down as the Trustee Director nominated by RTITB and Laura Nelson has been appointed in his place.

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. L&G has now launched a new and improved App simply called “Legal & General” which replaces the previous “Coll8” App. If you have not yet registered for this website and App 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.

Recent performance of the main DC funds is shown in the table below. You can look up your own fund performance on the L&G website using the link above or installing the Legal & General App. 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.

DC Fund Performance to 30 September 2024	1 Year	5 Years (pa)
Default Fund growth phase	21.7	8.1
Equity Fund (Unhedged)	20.8	10.0*
Equity Fund (Hedged)	29.0	10.0*
Future World Multi Asset Fund	14.7	3.7

*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.

The periods to September 2024 saw continued good performance and over a longer period of time returns remain positive. The chart shows that, on average, members in the growth phase of the Default Fund have received 8.1% return each year for the last five years.

The Trustee reminds DC members that the level of contributions is a key factor in determining the overall size of your pension fund and that



investing in a pension is a long-term undertaking - the more you put in the more you should get out. You can consider paying extra contributions – called Additional Voluntary Contributions (AVCs) – into your DC pension by contacting your employer’s payroll department or your employer’s flexible benefits portal. Depending on your employer’s arrangement, you may be able to increase your contributions at any time of the year.

When logged into the L&G My Account website, there is a retirement planning tool available to help you plan for retirement. This also incorporates the Pension and Lifetime Savings Association’s Retirement Living Standards that illustrate how much you may need to live on in retirement assuming different levels of living standard. These can get you thinking about if your current pension will be enough for you when you retire.



Q&A for DC Members

In May and June 2024 employees of the participating employers were consulted about the ending of the ITB DC Section. Many questions were asked during the consultation and what follows is a sample, along with the responses.

Q1 - As I understand it, the current scheme allows 3 approaches to using your pension pot. Will a new scheme have the same flexibility? (annuity pension/ withdraw up to 25% at 55/withdraw entire pot at retirement age)

A1 - The same options at retirement will be available from the new scheme. Either you can invest your pot in an annuity or leave it invested in investment funds and drawdown cash as you go through retirement. Or you can cash in your pot entirely, but in this case you will pay tax on the taxable amount as if it was income in the tax year in which you cash it in. With all these options you may take 25% of the pot as a tax-free lump sum at retirement.

Q2 - Should I leave my employer and take both my DB and DC pensions prior to the change of pension provider planned for September 2025? How does this affect my pension?

A2 - If you are considering this you should take advice from an independent financial adviser - pension schemes are not allowed to give advice. However, for your information there is no change to your DC pension contributions, accumulated DC pot or DB entitlement as a result of the transfer to another scheme planned for September 2025.

Q3 - If I access my pension before the changeover to a new scheme, will I remain within the Legal & General pension access options, or will my pension also transfer to a new provider?

A3 - If you don't access your pension before the transfer you will remain with L&G, with the same access options. If you do access your pension before the transfer date, you will have taken your pension, and it will not transfer to a new provider.

Q4 - In light of the pension changes may I ask how do I add two other pensions to my existing one?

A4 - Contact your pension providers to ask if and how you can transfer your other pensions to your existing one. The ITB DC scheme and the L&G Mastertrust do both accept transfers in from other DC pension schemes.

Q5 - How will this affect people planning to retire in 2025?

A5 - The transfer should in itself not affect any retirement plans. Accumulated DC pots are accessible for retirement at any stage before and after the transfer. The transfer to another scheme does not affect the ability to take your pension with a cash lump sum prior to the transfer.

Q6 - Will there be a charge for moving? If so who absorbs that charge?

A6 - There will normally be small transaction charges for transferring from one set of funds to another and these are usually borne by the members. However, the L&G Mastertrust will absorb these charges and so there will be no transaction, or any other charges made to members as a result of the move.

Q7 - Who is the Trustee of the Funds?

A7 – The L&G Mastertrust has its own Trustee Board responsible for the running of the L&G Mastertrust, much like the ITB Pension Funds. The members of the L&G Mastertrust Trustee Board can be viewed at <https://www.legalandgeneral.com/workplace/mastertrust/>.

Q8 - What will be the changes in the investment portfolio and risk profile and how will it compare?

A8 – The L&G Mastertrust has similar investment funds as provided by the ITB Scheme, so the type of funds and risk profile will not change significantly. However, L&G Mastertrust has a much wider choice of self-select funds than the ITB Scheme.

Q9 - What will happen if you want to use your pension pot during the time of change over, i.e. will there be a period when access to your existing pot is on hold?

A9 - There may be a period of a few days at the time of transfer when members will not be able to transact with their pension pot. Members will be told of the precise timings at the time of transfer.

Q10 - How will members gain access to the information they need to manage their pensions, given access to the ITB pensions team will no longer be available?

A10 - The new provider will provide access to this information through its website, other member communications and its member service team. L&G Mastertrust has an extensive website and App offering. If your pension transfers to the L&G Mastertrust there will be no change to your website login and registration. L&G's member service team is highly trained and should provide members with a great service if you want to phone them up with your queries.

Q11 - Can we choose our own provider?

A11 - Members will have the option of choosing their own provider for their pot that is built-up to the date of transfer. This option was communicated to members in November 2024, and they will be reminded in February 2025. Members will need to inform the ITB Scheme by May 2025 if they have chosen their own provider to transfer their pot built-up to the date of transfer. However, members cannot choose a different provider for future contributions than the one offered by the ITB Trustee, or their employer.

Q12 - Will life cover remain the same?

A12 - L&G Mastertrust will provide life assurance cover as part of the new scheme. If your employer chooses a different scheme and this scheme does not provide life insurance cover, your employer will decide how cover can be provided in future.

Changes – How am I affected?

To help you understand what the changes mean for you a series of profiles have been produced to help explain the impact. It may be that more than one profile applies to you – e.g. you may be an Active DC Member and an Open DB Fund Deferred Member, so please take note of the relevant profiles.

I am an Active DC Member

Unless my employer decides otherwise, my DC pension pot will be transferred from the ITB DC Section to the L&G Mastertrust in September 2025, and after the transfer date contributions will be made to that pot and it will then be managed by L&G Mastertrust. If my employer chooses a different scheme to transfer to it will tell me by the end of January 2025. If I am transferred to the L&G Mastertrust, I will keep the same internet account logon details and account number, so the transition from ITB Pension Funds to L&G Mastertrust will appear seamless. Once my pension is transferred, if I have queries about my DC pension I will ask L&G Mastertrust/the scheme chosen by my employer, or my employer's HR Department.

I can choose to transfer my pot built-up to the transfer date to a different pension arrangement of my own choice, and if I do I'll have to tell ITB Pension Funds by May 2025. Even if I choose a different pension arrangement for my pot built-up to the transfer date, my contributions after the transfer date will go to L&G Mastertrust or the scheme chosen by my employer.



I am a Deferred DC Member

My pension pot will be transferred from the ITB DC Section to the L&G Mastertrust in September 2025. If I have queries about my DC pension after the transfer date I will ask L&G Mastertrust. I will keep the same internet account logon details and account number so the transition from ITB Pension Funds to L&G Mastertrust should appear seamless.

I may choose to transfer my pot to a different pension arrangement of my own choice, and if I do I'll have to tell ITB Pension Funds by May 2025. I can also decide to transfer my pot to a different pension arrangement after the transfer to L&G Mastertrust.



I am an Open DB Fund Pensioner or Dependant

In future my pension will be paid by either Just Retirement or Pension Insurance Corporation. The date that this will happen is not yet decided but is likely to depend on which company my pension transfers to, perhaps late in 2025 if transferred to Just Retirement and in 2026 if transferred to Pension Insurance Corporation. I will be told in good time the exact date and to which company I am transferring to. After the transfer, if I have queries about my pension I will ask Just Retirement or Pension Insurance Corporation.

I am an Open DB Fund Deferred Member

The administration of my deferred pension from the Open Fund will be transferred to Just Retirement. The date that this will happen is not yet decided but is likely to be late in 2025. I will be told the exact date in good time. After the transfer, if I have queries about my pension I will ask Just Retirement. When it comes into payment it will be paid by Just Retirement.



I am a Closed Fund Pensioner or Dependant

In future my pension will be paid by Pension Insurance Corporation. The date that this will happen is not yet decided but is likely to be in 2026. I will be told the exact date of transfer in good time. After the transfer, if I have queries about my pension I will ask Pension Insurance Corporation



Update on the Open Fund Defined Benefit Section

In the January 2024 Members Newsletter (Issue 38) it was explained that the Open Fund Defined Benefit Section had been fully “bought-in” through insurance contracts known as “buy-ins”. This means that all the Open Fund’s DB pensions are now insured, with all members being insured under a policy with either Just Retirement (Just) or Pension Insurance Corporation (PIC). It was further stated that in due course, the Trustee expects to ask Just and PIC to set up individual pension arrangements (“annuities”) in respect of each DB member’s pension.

The Trustee is now progressing the actions necessary before such a transfer to Just and PIC can take place. One example of the work being undertaken is that some members will already have been contacted about the pension industry-wide requirement to equalise pension benefits for men and women to account for differences in guaranteed minimum pensions. This work needs to be completed before transfers to Just and PIC can happen. We currently expect these actions to take another year or so, until late 2025 or into 2026.

Once this work is complete and transfers to Just and PIC are made, it will be these insurance companies who will be responsible for looking after Open Fund DB members’ pension benefits. The Trustee will keep you informed well in advance of the transfer.

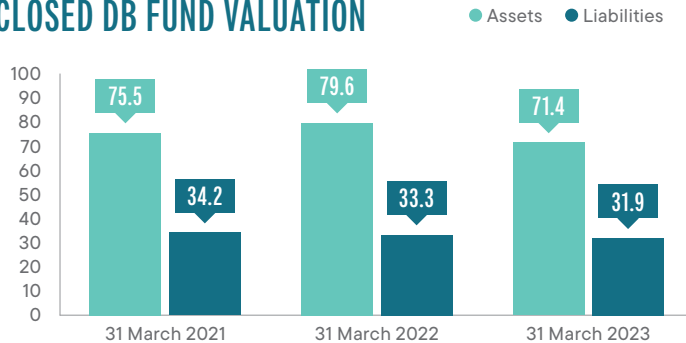
Closed Fund and Open Fund Defined Benefit Sections Funding Update

There has been no more recent valuation of the Closed Fund or Open Fund since the previous newsletter issued in May 2024.

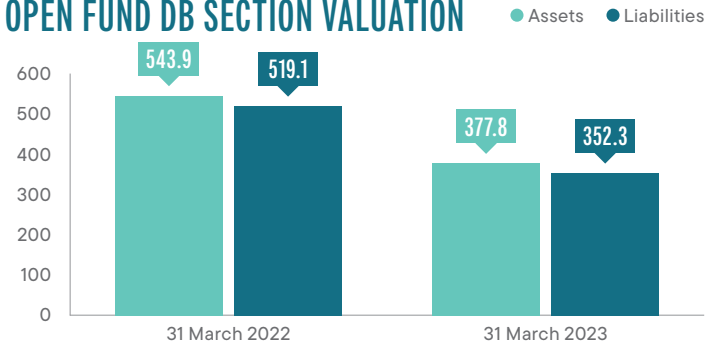
The next valuation of the Closed Fund as at 31 March 2024 is now in progress. As part of the 2024 valuation process the Trustee will decide whether to use its discretion to award a special additional pension increase. It is expected the Closed Fund 2024 valuation will be completed, and a decision about any special pension increase will be made, early in 2025.

Likewise, the next valuation of the Open Fund is in progress and is expected to be completed in January 2025. Previous annual valuations of the DB Funds are shown below. A further update on the valuations will be included in the next Newsletter due in June 2025.

CLOSED DB FUND VALUATION



OPEN FUND DB SECTION VALUATION



New ITB Website and L&G App

The ITB Pension Funds website ITB Online (www.itb-online.co.uk) has been updated. It contains all the same information as the previous website, but it should now be more user friendly and has a new fresh look.

DC members will also be pleased that L&G has recently updated its App – simply called “Legal & General”. DC members can view an up-to-date valuation of their pension pot and access a lot of useful information about their DC pension on the App. It is available now on the App Store and Google Play – one easy way to find it is to search for “legal and general pension app” or to follow the link www.legalandgeneral.com/app.

The App icon looks like this:



2024 Budget Announcement

In its October 2024 budget, the government made one main announcement regarding pensions: From 6 April 2027, the majority of death benefits paid from registered pension schemes (whether DB or DC) will form part of the deceased member’s estate for inheritance tax purposes. The government is consulting on the proposals until 22 January 2025. It will publish a response and carry out a further consultation on draft legislation implementing the proposals later in 2025.

Summary of the Funds' 2024 Accounts

Between 2023 and 2024 the value of the overall Funds reduced by £33.7m (3.7%). This reduction is mostly due to a decrease in the market value of government bonds held in the Open Fund DB Section prior to the Section being fully-insured in July 2023. There is no impact from this decrease on pensions payable which are now all insured.

	Closed DB Fund £m	Open Fund DB Section £m	Open Fund DC Section £m	Total Funds £m
Value as at 1 April 2023	143.6	732.3	36.3	912.2
Plus contributions	0.0	0.0	8.3	8.3
Plus investment income	8.3	36.1	0.0	44.4
Change in market value	-1.3	-40.6	6.2	-35.7
Less benefits paid	-8.0	-35.3	-4.3	-47.6
Less running expenses	-0.5	-2.3	-0.3	-3.1
Value as at 31 March 2024	142.1	690.2	46.2	878.5


Contributions are only made to the DC Section. Investment income is receipts from buy-in insurance policies held in the DB Funds. Benefits paid includes transfers out to other pension schemes. Each year the Trustee produces a comprehensive report and set of accounts, that is independently audited by PWC. The information on this page is a summary of the report for the year ended 31 March 2024. The full report is available on the website itb-online.co.uk.


Update Us


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

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 0BJ

Websites and App

You can also check the information available on the websites:

For all members:

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

For DC members:

Your account information:

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

Helpful resources:

www.legalandgeneral.com/workplace/i/itb/

L&G App: "Legal & General"

