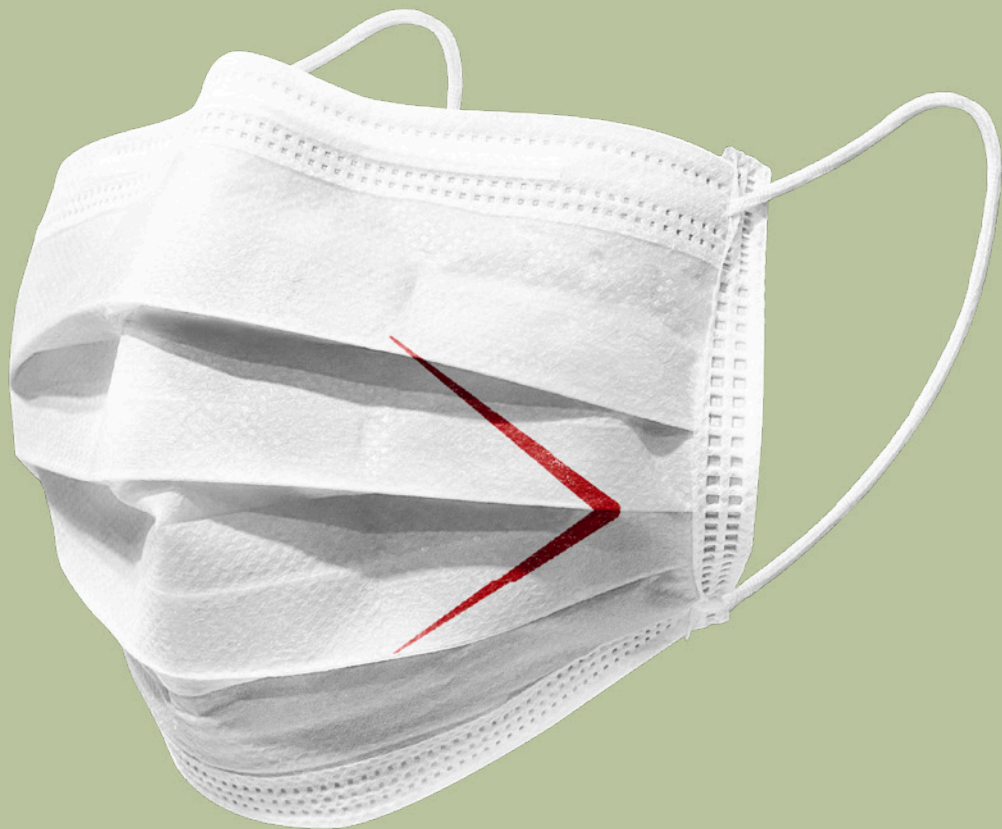


**PENSIONS UPDATE 2020**

THE INSTITUTE OF CHARTERED ACCOUNTANTS  
STAFF PENSIONS FUND



*Remaining secure in uncertain times*



# Welcome to our 2020 issue of Pensions Update

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**I would like to begin by introducing myself as the Fund's new Trustee Chair. When the previous Chair, Andrew Evans, reached the end of his terms as a Trustee Director, ICAEW decided to appoint an independent trustee company. After a thorough selection process, they appointed The Law Debenture Pension Trust Corporation plc (known as LawDeb), to sit on the Trustee Board and to act as Chair. I sit on the Board as LawDeb's representative.**

As the trustee's role becomes ever more demanding, it has become common for schemes to appoint professional trustees who can guide trustee boards through complex issues.

LawDeb is part of The Law Debenture Corporation plc, a FTSE 250 public limited company, which is an investment trust. Last year LawDeb celebrated its 50th anniversary, making LawDeb the longest established provider of independent pension trustee services in the UK. At LawDeb, I sit on the Trustee Boards of nine pension schemes, chairing two of them. Before joining LawDeb, I held senior strategy, planning, and governance roles with Aviva, Abbey National and Lloyds TSB, following my early career as an actuary.

Outside work, I enjoy spending time with my family, following sport, in particular cricket, and getting away from London for some sea air - which I try to do whenever I can.

The Trustee Directors have asked me to put on record their thanks to Andrew who served two terms as a Trustee Director, with one of those as Chair. During his tenure, Andrew worked tirelessly to ensure the Fund was run in the best interest of all members and he leaves it in a strong financial position. The Board intends to build on Andrew's legacy and move closer towards a position where the Fund is self-sufficient and no longer requires the support of ICAEW to sustain it.

The Board also said goodbye to two other Trustee Directors - Alan Hind and Jan Weber - and we thank them both for their hard work and commitment. And of course, we welcomed two new Trustee Directors - Peter Burton and Ian Bell. Andrew Penketh has kindly agreed to continue for a second term. Finally, we welcome Ellie Hardings who has joined the team as a Pensions and Human Resources Apprentice. I look forward to working with them all.

COVID-19 has made 2020 a difficult year for everyone and on behalf of the Trustee Board, I send you best wishes for good health for you and your families.

Edward Levy  
Chair  
Law Debenture

# *A look at the Fund's financial position*

## ACCOUNTS SUMMARY

This is an extract of the Fund's annual report and accounts to give you an overview of money coming in and going out over the last year. A full copy is available from the Pensions Department if you're interested in the detail. Contact details can be found on page 11 and we are happy to issue a full copy to anyone that wants one. The accounts were audited and signed off by the Fund's auditors, Haysmacintyre LLP.

	£,000
<b>Value of the Fund as at 31 March 2019</b>	<b>213,617</b>
<b>MONEY PAID IN</b>	
Employer contributions	1,275
<b>Total</b>	<b>1,275</b>
<b>MONEY PAID OUT</b>	
Benefits payable	(5,997)
Payments to and on account of leavers	(229)
<b>Total</b>	<b>(6,226)</b>
<b>INVESTMENTS</b>	
Investment income	2,866
Change in market value of investments	2,647
Investment management expenses	(459)
<b>Net return on investments</b>	<b>5,054</b>
<b>Value of the Fund as at 31 March 2020</b>	<b>213,720</b>

### OUR MEMBERS

As at 31 March 2020 the Fund had 696 members comprising:

**59** employed  
2010 members

**213** members who have left  
ICAEW's employment  
but are not yet receiving  
their pension

**424** pensioners and  
dependants

We say a sad farewell to 14 members who have passed away since our last edition of Pensions Update. We offer our condolences to their families and friends.

Madeleine Ross  
Dorothy Clough  
Roger Drury  
Sidney King  
Peter Skelton  
George Pead  
Donald Thompson  
Sheila Moore  
Lilian Smith  
Rita Bush  
John Hagland  
Mollie Picot  
Shirley Cormack  
Linda Allen

## SUMMARY FUNDING STATEMENT

As the Fund’s sponsoring employer, ICAEW makes regular payments which the Trustee invests and uses to pay members’ benefits. It is a legal requirement to carry out a full valuation of the Fund every three years, which the Fund’s Actuary Rachel Myatt of Hymans Robertson LLP completes, with the most recent taking place as at 31 March 2019. We report on the findings of the 2019 valuation here, as well as the previous update as at 31 March 2018 and also give you an update on the position as at 31 March 2020.



A full copy of all valuation reports are available on request from the Pensions Department.

<b>THE ANNUAL UPDATE CARRIED OUT AS AT 31 MARCH 2018</b>	Value of the Fund’s investments (its assets): £201m <sup>1</sup>	The money the Fund needs to pay benefits earned to 31 March 2018 (its liabilities): £218m	Shortfall: £17m	Funding level: 92%
<b>THE LAST FULL VALUATION CARRIED OUT AS AT 31 MARCH 2019</b>	Value of the Fund’s investments (its assets): £210m	The money the Fund needs to pay benefits earned to 31 March 2019 (its liabilities): £210m	Shortfall: £0m	Funding level: 100%
<b>THE LAST ANNUAL UPDATE CARRIED OUT AS AT 31 MARCH 2020</b>	Value of the Fund’s investments (its assets): £214m	The money the Fund needs to pay benefits earned to 31 March 2020 (its liabilities): £217m	Shortfall: £3m	Funding level: 99%

Please note these figures have been rounded.  
<sup>1</sup>m is an abbreviation of million.

These reports allow the Trustee to check and monitor any shortfall in funding to help make sure there is enough money in the Fund to pay members’ benefits.

The funding position between 31 March 2018 and 31 March 2019 improved from 92% as at 31 March 2018 to 99.9% at 31 March 2019. This improvement was largely driven by a change in long-term mortality expectations and member experience, which served to decrease the liability value. This decrease in liability was slightly offset by a change in market conditions (mainly a fall in real gilt yields). Contributions from ICAEW and good asset returns increased the asset value which also helped to improve the funding level.

Over the year to 31 March 2020, strong investment returns and contributions from ICAEW led to an increase in the value of the assets despite market volatility as a result of the COVID-19 pandemic. As at 31 March 2019, the Fund had 99.9% of the money it needed to meet all its commitments, although this fell slightly to 98.5% as at 31 March 2020 due to a fall in real gilt yields leading an increase in the value of the Fund’s liabilities.

Since 31 March 2020 there has been an improvement in funding position and as at June 2020, the funding level had improved to broadly 101.9%.

### WHAT IS BEING DONE TO REMOVE THIS SHORTFALL IN FUNDING?

Although the funding level is now above 100%, at the time of the last full valuation there was a small deficit and we were required to agree a Recovery Plan with ICAEW. ICAEW agreed to pay the following additional contributions in monthly instalments.

**From 1 April 2019 - 31 December 2019:  
£1.6m a year**

**From 1 January 2020 - 31 December 2024:  
£300,000 a year**

The Trustee and ICAEW also agreed trigger points when contributions might stop if the funding level increases significantly and restart again if the funding level falls below a certain point. More details about this recovery plan are in the Fund's Statement of Funding Principles which is available on request from the Pensions Department.

### DOES THIS AFFECT THE SECURITY OF MY PENSION?

No, even if there is a shortfall in the Fund's investments, your pension will still be paid in full. This would only change if ICAEW became insolvent and could no longer support the Fund. The Trustee considers that ICAEW is currently able to support the Fund on an ongoing basis.

If ICAEW was no longer able to support the Fund, it would be wound up and members' benefits might be reduced.

### WHAT WOULD HAPPEN IF THE FUND WAS WOUND UP?

When a pension scheme is wound up, its assets are sold and the money is used to buy insurance policies to pay members' future pensions. Buying insurance policies is more expensive than paying pensions straight from the Fund. For example, if the Fund had been wound up on 31 March 2019, the cost of buying insurance policies was estimated to be £251.5m and, as the Fund's assets were worth £211.2m at that date, there would have been £40.2m less than would have been needed. Please note these figures have been rounded.

We are giving you this information as part of our regular reporting. We are not considering winding up the Fund.

### THE PENSION PROTECTION FUND (PPF)

The PPF was set up by the government to pay compensation to members of defined benefit schemes if their sponsoring employer goes out of business and their pension scheme does not have enough money to pay the benefits promised. While it doesn't fully replace a member's pension, it aims to provide members with most of their pension. The actual amount that a member would receive in this situation depends on the level of compensation offered by the PPF at the time. The PPF's website has more information:

[www.ppf.co.uk](http://www.ppf.co.uk)

The Pensions Regulator can, in certain circumstances, make orders regarding the benefits provision or funding of a pension scheme. The Trustee is pleased to confirm that the Pensions Regulator has not made any orders, modifications or other directions to the Fund or imposed a schedule of contributions under Section 231 of the Pensions Act 2004. As part of its duties, the Trustee Board must also confirm to you that, since the 2019 edition of Pensions Update, the Fund has not made any payments to ICAEW under Section 37 of the Pensions Act 1995.

While all this sounds quite formal, it's simply forms part of our report to you.

# *Pensions making the news*

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## THE IMPACT OF COVID-19

The Fund, and the pensions industry in general, has not escaped the impact of COVID-19 which has dominated the headlines, and many of our lives, in so many different ways. From working remotely to an increase in criminal activity in trying to access people's pension savings, there has been much to deal with for pension administrators across the country.

### **BUSINESS AS USUAL FOR THE PENSIONS DEPARTMENT**

In line with government guidelines, the Pensions Department has been working from home, but this has not stopped it delivering an excellent service to members. As you can imagine some things are taking a little longer than usual and we thank you for your patience.

The team has found they can speed things up by emailing rather than posting documents to members and so if you have not already registered an email address with us, now would be a good time to do so.

**Registering for email with us is easy.**

**Simply tell us your email address by completing the enclosed form and posting it back to us.**

We won't bombard you with unnecessary messages or send you any confidential communications via email unless you have asked us to do so.

You can still get in touch with the Pensions Department using the normal channels, although we ask that to avoid delays you either email or telephone - contact details can be found on page 11.

### **PROTECT YOUR PENSION SAVING**

Sadly, organised criminals are taking advantage of the concerns and anxieties some pension savers have about the security of their benefits. This particularly applies to people who have not yet retired and drawn their pension.

The Financial Conduct Authority (FCA) has said that protecting consumers against serious and organised crime is a top priority because on average, a scammed pension saver loses 22 years of pension savings which is typically 3 x their annual earnings.\* The Pensions Regulator also has expressed its own concerns that savers could be increasingly targeted by scammers to lure them to 'safe havens'.

So please, remember to ignore all unsolicited emails, text and social media posts or other messages about moving your pension. If you are online, read the FCA's advice on their website at [www.fca.org.uk/scamsmart/how-avoid-pension-scams](http://www.fca.org.uk/scamsmart/how-avoid-pension-scams).

You can get free guidance from the Pensions Advisory Service on the possible impact of COVID-19 on any other workplace pension schemes you may have. Contact details are on their website at [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk).

\*Financial Conduct Authority Business Plan 2020/21.

## WE'RE ASKING FOR YOUR HELP!

It's important that the information the Trustee holds about you is as up to date as possible. There are several reasons for this:

- 1.** If we have information about you, and your spouse or partner, we can improve the assumptions we use when calculating the liabilities of the Fund.
- 2.** By having more than one way to contact you, we can ensure that you are receiving all the information about your pension that the Trustee needs you to have.
- 3.** We can contact you quickly if we believe someone else is trying to access your pension information without your authority.

To help with this, we're asking everyone to fill in the enclosed form and return it to us using the pre-paid envelope provided as soon as possible.

It is important that you return this form whether you are single, married or living with your partner. If you have any worries or questions, please contact the Pensions Department using the contact details on page 11. Please also remember to tell us if your circumstances or contact details change in the future. We appreciate your help with this.

## PENSIONS AND TAX

Other than an easing of the tapered annual allowance, there were no major announcements affecting pensions, in the Chancellor's first Budget, which he delivered in March.

### WHAT IS THE ANNUAL ALLOWANCE?

The annual allowance is the maximum amount of pension savings that can benefit from tax relief. For most people, the annual allowance is currently £40,000 a year, but if you earn over £240,000 a year, or you have made a withdrawal from a personal pension plan or money purchase plan, it may be less than this. A tax charge is levied on any pension savings over the annual allowance.

If you think you may be affected by the annual allowance, please make sure you understand its complexities and the measures available to help you. The government's website [www.gov.uk](http://www.gov.uk) is a good place to start, or speak to your financial adviser or accountant.

## WE HAVE A WEBSITE

As of 1st October 2020, it is a legal requirement to publish our Statement of Investment Principles (SIP) online and so therefore we have a new website.

To access this information and more, visit <https://www.icaew.com/icaew-staff-pensions-fund>. This website is very new and so we welcome any feedback you may have. Please contact the Pensions Department if you wish to give your feedback.

## PENSIONER NEWS

### A REMINDER TO GO ONLINE

Remember, you can now access your payslips and P60s using self-service. You can also update your address and bank account details online. Type this website address into your browser:

[icaew.com/your-pension](https://www.icaew.com/your-pension)

If you're having difficulties logging in, please get in touch with Mairead Woodman or Ellie Hardings in the Pensions Department ([mairead.woodman@icaew.com](mailto:mairead.woodman@icaew.com) or [ellie.hardings@icaew.com](mailto:ellie.hardings@icaew.com)) who can email a link to the website and set a temporary password for you.

### PENSIONERS' LUNCH UPDATE

Sadly the lunch that was due to take place in June was cancelled due to COVID-19. At this stage we are not expecting it to take place in the first half of 2021, however if circumstances change we will look to hold it later in 2021.

## MEET YOUR NEW TRUSTEES

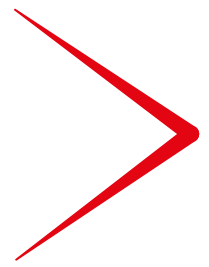
We asked each of the new Trustee Directors to write a short piece introducing themselves to the Fund's members.

### PETER BURTON

I would like to start by thanking all those who voted for me and give commiserations to Christine and those who voted for her. That said, as soon as I was elected Daria sent me a file of paperwork 1½ inches thick (approximately 3½ cms if you have been converted) and said the rest was on the internet. So, I do wonder what I have let myself in for.

My career at the ICAEW, apart from a brief stint as a practice advisor with Chartac Practice Services, was in regulatory policy, covering areas as diverse as audit, investment business, insolvency, and professional indemnity insurance and latterly probate. There were also more obscure areas such as the clients' money regulations, the consumer credit licence and use of the description 'chartered accountant'. Any successes I achieved in these areas was because of the support and co-operation I received from colleagues.

During my time at the ICAEW I have been based in four different locations, but never Moorgate Place although there were plenty of visits! Since retirement I have managed some holidays to somewhat more exotic places.





I have three sons, two of whom are chartered accountants, although somewhat embarrassingly one is an ICAS member. Since retirement four grandchildren have arrived and I try and spend as much time as I can with them.

Of course, although I'm a pensioner member, my role as a Trustee Director is to help all the Fund's beneficiaries. Hopefully my background in regulatory policy will stand me in good stead and help to deliver my campaign promise of chips and/or doughnuts at the pensioners' lunch.

#### **IAN BELL**

Having qualified as a Chartered Accountant in 1990, I've been an Audit Partner at RSM (formerly Baker Tilly) since 1997.

I've enjoyed being involved in the pensions industry for over 30 years. In 2000, I founded the National Pensions Group at RSM and still lead that group today, responsible for an ever growing team and client base. I've previously been a Trustee on the RSM pension scheme and very much look forward to getting involved with the ICAEW Scheme.

When I'm not auditing pension schemes, I enjoy playing golf off my increasing handicap, which at least means I've still got a chance of occasionally winning against my three sons.

### **YOUR TRUSTEE BOARD**

#### **Chair**

Law Debenture represented by Edward Levy

#### **Nominated by ICAEW**

Andrew Penketh  
Ian Bell  
Taylor Dewar

#### **Nominated by Fund members**

Peter Burton  
Phil O'Halloran  
Veronica Fulton

# Useful information

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## COMPLAINTS AND DISPUTES

The Trustee Board and the Pensions Department work hard to deliver a high standard of service, however from time to time, disputes may arise. The Pensions Department can help you with most of your questions and concerns, but if you have a problem that the Pensions Department is unable to resolve, you can contact the Trustee using our formal complaints procedure. You can find information on how to do this at new website - <https://www.icaew.com/icaew-staff-pensions-fund>.

The Pensions Ombudsman is available to offer independent support and advice - you can contact the Pensions Ombudsman at:

**T 0800 917 4487**

**E [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)**

**[www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)**

## INDEPENDENT RESOURCES YOU CAN TRUST

There are plenty of online resources available offering free and trustworthy guidance on pensions and a selection is given below. Make sure you carefully type the address into your browser and if you do use a search engine, avoid results that come to the top of the list - some websites pay to go to the top of the list.

We also show alternative contact details for those who are not online, but please bear in mind that most organisations are reporting delays answering the phone due to the pandemic. All numbers assume you're ringing from within the United Kingdom and are free to use from landlines.

**[www.gov.uk](http://www.gov.uk)** for government information and public services, including workplace pensions and State benefits including tracking down lost pension schemes.

**Pensions service: 0800 731 0469**

If you're unable to speak or hear on the phone, the **Typetalk number is: 18001 0800 731 0469**

**[www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk)** for general information on money matters or call:

**0800 138 7777**

**Typetalk users: 18001 0800 915 4622**

**[www.takefive-stopfraud.org.uk](http://www.takefive-stopfraud.org.uk)** for impartial advice to help protect yourself against financial fraud. If you think you may have been targeted by fraudsters about your pensions, speak to the Pensions Department immediately.

You can contact the Trustee through the Secretary to the Trustee, Linda Watkins.

# *Pensions Department*

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The Pensions Department administers the Fund on the Trustee's behalf. If you have any questions about your benefits or would like copies of Fund documents, please contact the team on [icaewpensions@icaew.com](mailto:icaewpensions@icaew.com).



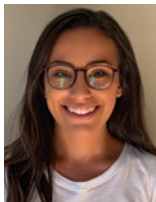
**Daria Croker**  
Pensions Manager



**Mairead Woodman**  
Pensions Executive



**Linda Watkins**  
Secretary to the Trustee



**Ellie Hardings**  
Pensions and Human Resources  
Apprentice

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London, EC2R 6EA

