



LOOKING TO THE FUTURE WITH CONFIDENCE

PENSIONS UPDATE 2021

The Institute of Chartered
Accountants' Staff Pensions Fund

icaew.com/icaew-staff-pensions-fund



WELCOME TO OUR 2021 ISSUE OF PENSIONS UPDATE



Over the past few years, the Fund has achieved good investment returns, and the Trustee Board has been working to consolidate those good returns whilst minimising the amount of investment risk exposure. One way of doing this is by securing buy in policies from an insurance company. You may recall that the Trustee purchased buy in policies in 2014 and 2015 and it is now looking at purchasing a third. This is good news for members, and you can read more about this in our full report on page 3.

Welcome. I hope Pensions Update finds you in good spirits after another difficult year. I would like to offer my thanks to our Pensions Team who maintained an excellent service to the Trustee Board and to you, the Fund's members, while coping with the challenges of working from home.

The Fund's sponsor is ICAEW and so I thought it was important to ask them to update the Fund's members on ICAEW's financial position. They were delighted to do so, and you can read their message on page 10.

The Fund's actuary, Rachel Myatt from Hymans Robertson, works out how much money the Fund needs to cover its liabilities both now and in the future. Rachel's team reports to the Trustee Board on a regular basis and her latest financial update, known as the Fund's Summary Funding Statement, gave promising results with the Fund showing a surplus of £13m as at 31 March 2021. This has enabled the Trustee Board to enter into discussions with ICAEW, to work towards bringing the Fund into a place where it no longer requires financial support from ICAEW.

On a less positive note, scamming activity is showing no signs of abating with regular reports of fake websites, texts and cold calling. If you have any doubts or misgivings, about a financial organisation you are talking to, please either speak to Action Fraud, a relative, or to the Pensions Team. Action Fraud's telephone number is 0300 123 2040. This number will be charged at your normal network rate.

I end my note by extending a heartfelt 'Thank you' to everyone who took the time to respond to our communications survey. Some of you told us that you would prefer us to keep in touch via email while others still prefer printed communications. I have asked the Pensions Team to look into how we can accommodate everyone's preferences, but it's not something we can do just yet – so please be patient. We want to find a solution that allows us to deliver email communications to those who prefer this while not disadvantaging against members who are not online. We will keep you updated on our progress.

Edward Levy
Chair
Law Debenture

FACTS AND FIGURES: TAKING YOU THROUGH THE FUND'S FINANCIAL POSITION

A summary of the Fund's annual report and accounts

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. The accounts have been audited and signed off by the Fund's auditors, Haysmacintyre LLP.

	£,000
Value of the Fund as at 31 March 2020	213,720
MONEY PAID IN	
Employer contributions	275
Total	275
MONEY PAID OUT	
Benefits payable	(5,647)
Payments to and on account of leavers	(3,739)
Total	(9,386)
INVESTMENTS	
Investment income	3,030
Change in market value of investments	11,209
Investment management expenses	(546)
Net return on investments	13,693
Value of the Fund as at 31 March 2021	218,302

Following the valuation in 2019 the Trustee and ICAEW agreed a recovery plan to remove the small deficit. ICAEW agreed to pay (in monthly instalments) - from 1 April 2019 to 31 December 2019: £1.6m a year; from 1 January 2020 to 31 December 2024: £300,000 a year. Triggers for when contributions might stop or restart if the funding level changes significantly were also agreed. At 31 December 2020, a trigger was reached due to the Fund's strong funding position and contributions ceased from 1 March 2021. The Trustee continues to monitor these triggers.

You may find out more details about the triggers in the Fund's Recovery Plan which is available on request from the Pensions Department.

OUR MEMBERS

As at 31 March 2021 the Fund had 674 members including:

55 employed 2010 members

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

415 pensioners and dependants

Sadly, 16 of our members have passed away since our last edition of Pensions Update. We offer our condolences to their families and friends.

Graham Beckett	Joyce Brett
Brian Chiplin	George Cockbill
Paul Courtenay	Michael Fiszson
Gay Hinton	Lilian King
Christine Knight	Freda Miller
Josephine Newman	Pamela Oubridge
Bruce Picking	Bill Sinden
Bernard Stockton	Jennie Strahan

THE FUND'S FINANCIAL WELLBEING

Broadly speaking, your benefits from the Fund are worked out using your final salary and your membership history. Payments received from the Fund's sponsor, ICAEW, are invested by the Trustee with the help of specialist advisers and these investments are used to pay members' benefits due now, and in the future. It's important that we let you know whether the Fund can meet this commitment - it's also a legal requirement.

CHECKING THE FUND CAN MEET ITS COMMITMENTS

A full valuation of the Fund is undertaken every three years with annual checks in between to allow the Trustee to check and monitor any shortfall in funding. In last year's Pensions Update we reported on findings of the last full valuation, comparing the value of the Fund's investments (its assets) with the money the Fund needs to pay benefits (its liabilities). Here we give a reminder, and update you with the position as at 31 March 2021.



Rachel Myatt,
Fund Actuary

THE LAST FULL VALUATION CARRIED OUT AS AT 31 MARCH 2019	Assets: £210m ¹	Liabilities: £210m	Shortfall: £0m	Funding level: 100%
ANNUAL UPDATE CARRIED OUT AS AT 31 MARCH 2020	Assets: £214m	Liabilities: £217m	Shortfall: £3m	Funding level: 99%
ANNUAL UPDATE CARRIED OUT AS AT 31 MARCH 2021	Assets: £219m	Liabilities: £205m	Surplus: £13m	Funding level: 106%

Please note these figures have been rounded.
¹m is an abbreviation of million.

As you can see, as at 31 March 2021, the Fund had a healthy surplus. This is the result of a number of factors which all combined favourably to create the surplus. The Trustee sold the Fund's equity investments in a buoyant market, there were strong investment returns over the year and the Fund's liabilities have fallen as a result of an increase in yields.

These are very pleasing results - it means that the Fund is close to being able to pay and protect members' benefits without ICAEW's support, a position known as self-sufficiency. The Trustee and ICAEW have started discussions about how, when the full self-sufficiency position is reached, members' benefits will be protected for the future.

HOW DOES THE FUND ACHIEVE SELF-SUFFICIENCY?

There are several ways to achieve self-sufficiency, including:

SECURING BUY IN POLICIES

A buy in policy with an insurance company reduces the risk to the Fund, as some pensions are paid by an insurance company which increases the security for all members. These members continue to receive their pensions direct from the Fund which is reimbursed by the buy in policy which also pays any future increases in the pensions. The Trustee Directors are currently in the process of securing the Fund's third buy in policy.

WINDING UP THE FUND AND SECURING BUY OUT POLICIES

We're not currently considering winding up the Fund, we're simply giving you this information as part of our regular reporting. The funding position of the Fund remains very strong and the Trustee considers that ICAEW is currently able to support the Fund on an ongoing basis should this be needed.

When a pension scheme is wound up, its assets are sold, and the money is used to secure buy out insurance policies. Buy-out policies pay members' future pensions and benefit from the protection of the insurance regulatory regime.

If the Fund had been wound up on 31 March 2019, as at the date of the last valuation, the cost of buying insurance policies was estimated to be £251.5m. The Fund's assets on this basis were worth £211.2m at the time and so there was a shortfall of £40.2m. The Trustee, working with ICAEW, will need to close this shortfall before the Fund can be wound up and we expect benefits can be secured with an insurance policy. Our current expectation is that we could be able to achieve this in seven to eight years' time.

THE LEGAL BIT

We need to tell you that the Pensions Regulator has the power to make orders regarding the benefits provision or funding of a pension scheme. 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 2020 edition of Pensions Update, the Fund has not made any payments to ICAEW under Section 37 of the Pensions Act 1995.

NEWSROUND

Introducing MoneyHelper

Launched in June, MoneyHelper brings together three free government resources, the Money and Pensions Service, Pension Wise and The Pensions Advisory Service. It's a useful place to start if you're looking for help and information you can trust not only on pensions, but debt, mortgages, and savings. The MoneyHelper website is packed full of useful information and support and cuts through the jargon. To find out more go to www.moneyhelper.org.uk.

There are different helpline numbers depending on your query. The number to ring for pensions information is 0800 011 3797. Calls are free.



Check for the padlock symbol that tells you the website is secure.

DON'T LET A SCAMMER ROB YOU OF YOUR SAVINGS

We're all finding it increasingly difficult to rid ourselves of unscrupulous organisations hoping to trick us out of our pensions and other lifetime savings that we've worked so hard for. One of the latest tricks is to send a text telling us that a parcel could not be delivered. Do not click on the link – this is a scam, and the senders are trying to get hold of your bank account details.

Always be wary of imitation websites. If you use a search engine, avoid websites with an 'Ad' symbol next to the website address. These websites have paid Google to appear at the top of searches. It's always best to type in the website address if you know it.

And when you land on the site, check for the padlock symbol that tells you the website is secure.

There is increasing evidence that sophisticated scammers are catching out even the most financially savvy so please do not feel embarrassed if you think you may have been a victim of a scam or you are unsure if the adviser you're talking to is genuine. All financial advisers must be registered with the Financial Conduct Authority (FCA) and they will not cold call you – it's illegal. Never be rushed into a decision – another sign that your adviser does not have your interests at heart. For top tips a good place to start is the FCA's website:



www.fca.org.uk/scamsmart/how-avoid-pension-scams.

You can ring the FCA free on 0800 111 6768



Chartered Accountants Benevolent Association (CABA)

WHO ARE WE?

We are the charity that supports the wellbeing of the chartered accountant community. We provide lifelong support to past and present ICAEW members, ACA students, past and present ICAEW staff, and their close family members, wherever they are in the world.

Our vision is for all members of the chartered accountant community to live happy, healthy, and fulfilled lives.

We empower members of the chartered accountant community to take care of their own wellbeing with free advice, information, and practical help. We're with the people we support for life, forming part of their support network, alongside their friends, family, and employers.

HOW WE HELP:


Our free services are designed to support every aspect of personal wellbeing with a range of self-help tools, online resources, and one-to-one, tailored support.

**You can call us
24 hours a day, 7
days a week.**

CONTACT US:


 Call us on +44 (0) 1788 556 366

You can call us 24 hours a day, 7 days a week. When you get in touch by phone, you'll speak to a member of our team who'll take your name and ICAEW number (if you have one) and ask you how it is they can help you.

 Talk to us online using our live chat at:
caba.custhelp.com

If you would rather not call us, you can chat to CABA online using our live chat service. All online conversations are strictly confidential, and advisers are available 24 hours a day, 7 days a week.

If you contact us by phone or using our live chat between 9.00 and 17.00 UK time Monday to Friday, we'll be able to get moving on your request straight away. If you contact us outside of these hours, a CABA advisor will take your details and a member of our team will start processing your request the next working day.

 Complete our online enquiry form

Want someone from CABA to contact you? You can use our easy online form to submit your question or tell us a bit about your situation or needs, and we'll aim to get in touch with you the next working day. Visit our website at www.caba.org.uk and click on the 'Contact us' button.

Any enquiries submitted using our online form will go straight to our team of support officers, who monitor the requests between 9.00 and 17.00 UK time Monday to Friday.

 Email us at enquiries@caba.org.uk

Your Trustee Board

The Trustee Board is made up of seven Trustee Directors. Edward Levy represents Law Debenture as the independent Chair and three Trustee Directors are nominated by ICAEW. They are Andrew Penketh, Ian Bell, and Taylor Dewar.

A further three Trustee Directors are nominated by Fund members; one is nominated from the Employed 2010 group of members, one from the pensioner group of members and one from either group. They are Phil O'Halloran (employed 2010 member), Peter Burton and Veronica Fulton (pensioners).

All Trustee Directors sit for a fixed term of five years and may be re-appointed for a further term. The next vacancy for a member-nominated Trustee Director is expected to arise in around three years' time when a pensioner Trustee Director stands down at the end of their first term. We therefore feel this is a good time to re-evaluate how we appoint our member-nominated Trustee Directors and whether Fund members feel they are representative of the Fund's member population.

The Trustee Board can decide how to appoint member-nominated Trustee Directors (so long as the process meets the requirements set out in the Pensions Act 2004 and The Pensions Regulator's guidance) and we're looking for your views of what a future Trustee Board would look like. We have traditionally asked for nominations from the pensioner and Employed 2010 community but given that all Trustee directors must have ALL Fund members interests at the forefront of any decision (and not favour one group over another) we're asking you if this way of electing member-nominated Trustee Directors should continue as it is or change? If you have a view, please do get in touch by contacting Linda Watkins.

If you are interested in putting your name forward as a candidate and want to understand the roles and responsibilities of a Trustee Director and the commitment needed, the Pensions Regulator is good place to start. Go to www.thepensionsregulator.org.uk

Deferred and 2010 members

THINKING OF RETIRING EARLY?

If you're leaving ICAEW's employment and are between the ages of 52 and 55 the Fund Rules permit you to have your pension paid early from the day after your leaving date. If you are a deferred member, or still employed by ICAEW, your pension may be paid from age 55. This age is changing to age 57 in April 2028. This does not affect your ability to apply for early retirement due to ill-health.

Pensioners

IMPROVING ONLINE SECURITY FOR ACCESSING iTRENT ESS

We're launching multi-factor authentication to further strengthen our online security. Multi-factor authentication asks you to download an app and key in a code when accessing your benefits online. If you access your payslips through iTrent ESS we will be providing further information over the coming months.

PENSIONERS' LUNCH

As we emerge from the pandemic and begin to enjoy more freedom to socialise once more, we're hoping to run our ever-popular pensioners' lunch next year - subject to government guidelines in place at the time of course. We're interested to understand how many of you would like or feel happy to attend in person. Please do let us know by contacting ICAEW.

We're asking for your views on how members elect future member-nominated Trustees.

Xexec Discount Scheme

ICAEW UK based employees have access to the Xexec discount scheme, and we are looking to see if there is enough interest from pensioners to extend it to them.

Are you receiving a pension from the Staff Pensions Fund? Are you based in the UK?

Do you have your own email address which you regularly use? Would you be interested in having access to a dedicated website that offers a wide range of discounted products and services? If you answered "Yes" to all of these questions, then we want to hear from you!

WHAT SORT OF DISCOUNTS CAN I GET?

You can get discounts on a range of goods and services including shopping vouchers such as Tesco, John Lewis and Marks & Spencer, cars, car leasing, insurances, travel, hotels, and access to tickets for the theatre and other shows. The site features over 2,500 high street retailers, as well as discounts on gym membership, airport parking, restaurants, hotels and even hairdressers and cleaners. The offers change regularly so it is always worth checking the site when planning purchases or travel. In addition, you can receive cash back on some goods and services too.

INTERESTED?

Then send an email to icaewpensions@icaew.com to confirm your interest by 15 November 2021.

Independent resources you can trust

With plenty of fake websites around, it's good to know that there many trusted online resources available offering free guidance on pensions in addition to the ones we've already told you about.

Please bear in mind that some organisations are still reporting delays answering the phone as they struggle to recover from the impact of the pandemic. All telephone numbers assume you're ringing from within the United Kingdom and are free to use from landlines.

The Pension Protection Fund (PPF) is a lifeboat scheme set up by the government to pay compensation to pension scheme members if their sponsoring employer goes out of business and the pension scheme does not have enough money to pay the benefits promised.

The PPF's website has more information: www.ppf.co.uk

T 0330 123 2222

www.gov.uk is the official government website for information about government services, including tracking down lost pension schemes and enquiring about benefits including Pension Credit, the Winter Fuel Payment and Attendance Allowance. Many areas of the website offer alternative telephone numbers for people with hearing loss and a video relay service for British Sign Language users.

For information about pensions call:

T 0800 731 7898

www.takefive-stopfraud.org.uk is an internet service that provides 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 Team immediately.

A MESSAGE FROM ICAEW

The extraordinary environment of the past year has placed an immense responsibility on our members and our institute, to help support and steer the economy – together with jobs and livelihoods – through unprecedented volatility.

ICAEW members helped stabilise their businesses, translated and implemented government support schemes, and ultimately built their businesses' resilience and resources for the longer-term. In many cases, our members made the difference and ensured that businesses they advise or work within, survived. Our top priority has been supporting them to do this.

With the additional pressures of post-Brexit tensions and a truly unique reporting season, the past twelve months have been among the most challenging in our institute's history.

Despite this, we have persevered and thrived, with staff adapting quickly and efficiently to new ways of working. Our member and student growth has remained strong, and many of our usual events, programmes and initiatives have continued.

As a result, our finances have remained strong and exceeded original forecasts for 2020. Our year-on-year operational income rose to £118.7m, and our net surplus after tax was £27.4m.

We have continued to lead and inform the agenda to reinforce audit and corporate governance, provide insight on technological change, and become the first major professional body in the world to become carbon neutral.

As the world begins to resume normal activity, our focus has now turned to recovery. Our members are playing a critical role here too – working to ensure that we build back more resiliently, sustainably, and inclusively than before.

At the beginning of 2021, we implemented a bold new strategy to define our ambitions and guide our operations through the decade of transformation that lies ahead.

To align our day-to-day activity with our strategy, we have undertaken an internal restructure. We have replaced the old directorates with new departments – each led by a managing director – to reflect our three strategic foundations: belonging and supporting; education and training; and reputation and influence. A fourth managing director ('International') is also responsible for our activities outside the UK.

Sharron Gunn has become new Chief Operating Officer and Dabinder Hutchinson is our new Chief Financial Officer. They both form part of our new senior leadership team, which also includes: Robert Hodgkinson, Senior Strategic Advisor; Duncan Wiggetts, Chief Officer, Professional Standards; Maura Owens, Director of Human Resources; Jeremy Mooney, Chief of Staff to the CEO; and of course our CEO, Michael Izza, and the ICAEW President.

Vernon Soare, formerly COO, and Mark Protherough, formerly Executive Director for Learning and Professional Development, have both left ICAEW with our best wishes for their futures.

You can find the full Annual Review and Financial Statements for 2020 online. Simply type the following link into your web browser: www.icaew.com

YOUR PENSIONS TEAM

The Pensions Department administers the Fund on the Trustee's behalf. Please get in touch with them if you have any questions about your benefits or would like copies of any Fund documents.

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Chartered accountants are talented, ethical and committed professionals. There are more than 1.8m chartered accountants and students in the world, and more than 187,800 of them are members and students of ICAEW. All of the top 100 global brands employ chartered accountants.*

Founded in 1880, ICAEW has a long history of serving the public interest and we continue to work with governments, regulators and business leaders globally. And, as a world-leading improvement regulator, we supervise and monitor over 12,000 firms, holding them, and all ICAEW members and students, to the highest standards of professional competency and conduct.

We promote inclusivity, diversity and fairness and we give talented professionals the skills and values they need to build resilient businesses, economies and societies, while ensuring our planet's resources are managed sustainably.

ICAEW is the first major professional body to be carbon neutral, demonstrating our commitment to tackle climate change and supporting UN Sustainable Development Goal 13.

We are proud to be a founding member of Chartered Accountants Worldwide, a network of 750,000 members across 190 countries which promotes the expertise and skills of chartered accountants around the world.

We believe that chartered accountancy can be a force for positive change. By sharing our insight, expertise and understanding we can help to create sustainable economies and a better future for all.

www.charteredaccountantsworldwide.com
www.globalaccountingalliance.com

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ICAEW is
carbon neutral

* Source: CAW, 2020 – Interbrand, Best Global Brands 2019