



HERMES GROUP PENSION SCHEME

June 2021

Dear Member

Hermes Group Pension Scheme

This is the seventh newsletter of the Hermes Group Pension Scheme ('HGPS' or 'the Scheme'). The previous six newsletters are on the member website:

www.hermesgrouppensionscheme.co.uk/scheme-overview

This issue of the newsletter covers the following areas:

- Coronavirus
- Trustee Board and Directors
- Member Nominated Trustee Director Process
- Trustee Report and Accounts for the year ending 30 June 2020
- Summary Funding Statement as at 30 June 2020
- Actuarial valuation as at 30 June 2020
- Investment strategy
- Investment performance
- Membership update
- Trustee Advisers
- Expression of Wish forms
- Pension scams
- RPI / CPI change
- Projected pension amounts in benefit statements
- Pensioner tax codes
- Hermes Pensioner Association
- Contact information

The Trustee is happy to receive any feedback you may have on the newsletter and encourages any comments or suggestions to be forwarded to the Scheme Secretary.

The Trustee of the Hermes Group Pension Scheme



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Coronavirus

The ongoing pandemic and social restrictions over the past year and more have brought unprecedented challenges to the lives of Scheme members. The Trustee continues to monitor the situation closely.

As we have found through the last year, the situation continues to develop and change. The Trustee and its advisers are continuing to meet remotely, to monitor all issues relating to the management and operations of the Scheme.

There are no concerns about the ability of service providers to function during the pandemic. The key service provider is XPS as administrator and actuary to the Scheme. Enquiries may take longer to be answered but no types of enquiry have been suspended. Pension payments will not be affected through the Coronavirus pandemic, regardless of any changes in asset values and the funding level of the Scheme.

Trustee Board and Directors

The profile of the Trustee Board as at 31 December 2020 was as follows:

Trustee Board				
	Directorship type	Professional trustee?	Ex Hermes employee?	Scheme pensioner?
Alison Bostock representing PTL	Independent Chair	Yes	-	-
Penni Coe	Member-Nominated	-	Yes	-
Ingrid Kirby	Employer Appointed	Yes	Yes	Yes
Alan Ormrod	Member-Nominated	-	Yes	Yes
Matt Simms	Employer Appointed	Yes	Yes	-

Biographies of the Trustee Directors are on the member website.

Member Nominated Trustee Director Process

Alan Ormrod's term of office as a Member-Nominated Trustee Director (MNTD) is due to expire in September 2021. Therefore, the Trustee Board, along with the Sponsoring Employer, is asking for nominations from Scheme members to fill this vacancy. More information on the role of a Trustee Director and the nomination process is included in the separate letter which accompanies this newsletter.



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Trustee Report and Accounts for the year ending 30 June 2020

This was finalised in January 2021 and is on the member website. Total assets as at 30 June 2020 stood at £279.5m.

Summary Funding Statement as at 30 June 2020

An annual Summary Funding Statement is included with this Newsletter.

Actuarial valuation as at 30 June 2020

The last full actuarial valuation of the Scheme was as at 30 June 2020. The valuation was agreed between the Trustee and the Sponsoring Employer and concluded in May 2021.

Investment Strategy

The portfolio of Scheme assets aims to reduce the volatility of the funding level, i.e. to align the value of the assets with the value of the liabilities as far as possible. Whilst the Scheme remains fully funded on an ongoing basis, progression of the funding level for the Scheme to achieve a fully funded position on a prudent self-sufficiency basis by 2030 remains on track at the time of writing.

The Trustee has adopted a robust investment strategy over time for both equity and credit mandates to reduce the volatility of the funding level. The strategy that has been implemented has enabled the Trustee to ensure that the Scheme has not been materially impacted by market movements, which will also have no impact on the provision of benefit payments. The Trustee continues to closely monitor the funding position and to consider whether any action is needed in relation to the asset allocation.

Investment Performance

The Scheme's performance for the 12 months to 30 June 2020 is shown in the table below:

Annual Rate of Return %	Year to 30.06.2020
HGPS	13.4
Benchmark*	14.3
HGPS out/(under) performance of benchmark	(0.9)

* The Scheme Benchmark is an amalgamation of the individual benchmarks for each investment manager and the various funds employed. Further details can be found on page 15 of the 2020 Annual Report & Accounts.

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Membership Update

The figures below show the recent history of membership:

	31.12.2018	30.06.2019	30.06.2020
Employed deferred	42	39	35
Deferred	366	361	358
Pensioner	185	193	194
Total	593	593	587

Advisers

The current advisers to the Trustee are:

Actuary	XPS	Adam Stanley
Lawyer	Sackers	Pauline Sibbit
Investment Adviser	LCP	James Trask
Secretary	Inside Pensions	Anthony Groves
Administrator	XPS	George Patterson
Finance	XPS	Amy Webb
Auditor	KPMG	Paul Thompson
Covenant Adviser	Lincoln	Alex Hutton-Mills

Details of all advisers are on the member website.

Expression of Wish form

There are various death benefits available to members in a number of different circumstances. If you have not yet taken any pension benefit, then a lump sum may be payable on your death. If you have been in receipt of a pension for less than five years, then a lump sum will be payable on your death. In both circumstances a spouse's or dependent's pension may also be payable in addition. The Trustee has discretion as to who will receive any lump sum death benefit. You may therefore wish to indicate to the Trustee who you would like to nominate to receive the benefit. For this purpose, an Expression of Wish form (also known as a Nomination Form) is available on the member website. Please send an updated Expression of Wish form to the administrators of the Scheme, particularly if your circumstances change in any way.



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Pensions scams

An increase in pensions scams has been seen through the pandemic as more people are concerned about their finances and may be seeking to access funds or move savings to a higher investment-return environment. Tell-tale signs include direct contact out of the blue from someone you don't know, including by telephone, email or on social media, or it can even be by word of mouth via someone else who is unaware they may be being scammed.

Scammers will make false claims to gain your trust and design offers to persuade you to transfer or release funds from your pension to them. Scams come in many different guises and can result in anything from a large and unexpected tax charge on the member for making an unauthorised payment, to complete loss of the entire pension fund.

If you are considering a transfer, you can request a cash equivalent transfer value (CETV) from the scheme administrator, XPS. You may request one free CETV in every 12-month period. This CETV will be guaranteed for three months. Please note that if your benefits are valued at more than £30,000, the law requires you to take independent financial advice from an adviser who is authorised by the Financial Conduct Authority (FCA). You can find an adviser local to you on this website: www.unbiased.co.uk

You can check that your adviser is registered with the FCA to provide advice about defined benefit pension transfers. The FCA Register is available here:

www.fca.org.uk/firms/financial-services-register

Any request for a transfer of pension entitlement out of the Scheme undergoes a review by a specialist team in XPS to identify any red flags which may indicate the possibility that the request could be subject to a scam. Should this occur, XPS will investigate further and raise the case with the Trustee before any transfer of funds takes place.

Please think carefully about the security of guaranteed pension payments that would be lost on transferring out of the Scheme.

More information on how to tell a scam and help if you think you have been scammed can be found at

www.pensionwise.gov.uk/en/scams

www.pension-scams.com

www.fca.org.uk/scamsmart

RPI / CPI change

Late in 2020, the Government confirmed that the calculation of the Retail Prices Index (RPI) measure of inflation would be amended from 2030 to be aligned to the Consumer Prices Index including Household costs (CPIH). The Trustee is working with the Scheme Actuary and Investment Consultant to assess the impact of this change on both the assets and liabilities. Where benefits are linked to RPI, pension increases after 2030 are expected to be lower. There will be no impact on benefits that are linked to CPI. As you may be aware, a number of pension schemes including the BT Pension Scheme are seeking a judicial review of the decision to change the calculation of RPI.



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Projected Pension amounts in Benefit Statements

The Trustee is aware of some issues arising from the administration transition which led to projected pensions at normal retirement for some members to be understated. We apologise for these errors and we have worked closely with XPS to ensure that all aspects of the Rules are now fully understood and reflected in their calculations. Revised replacement benefit statements have been issued where necessary.

Pensioner Tax Codes

The Trustee is also aware of an issue that delayed updating of personal tax codes in the pensions payroll. The issue has now been resolved between the Administrators and HMRC, and any changes have been applied to the pensions payroll.

Hermes Pensioner Association

By way of reminder, the Pensioner Association was launched in January 2017. The Association was formed to enable Scheme pensioner members to maintain contact, meet occasionally and provide a forum to discuss relevant pension issues.

The Association is a private initiative rather than one organised by the Trustee, so if you would like to receive information about the Association or information on forthcoming events please contact the Association directly.

The Trustee was advised in 2020 that David Bridges, who is a pensioner member of the Scheme, had replaced Robert Pagett as Chair of the Hermes Pensioners Association. The revised contact details are now:

David Bridges
Email: davidchbridges@gmail.com
Telephone: 0208 3990160

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Contact Information

A lot of information regarding the Scheme can be found on the member website:

<https://www.hermesgruppensionscheme.co.uk/>

The Trustee would like to provide you with the opportunity to ask any questions you may have in relation to the Scheme. If you have any queries on the content provided within this newsletter, please contact the Scheme Secretary via any of the following:



hermes@insidepensions.com



01727 733150



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Should you require any details of your pension benefits or if your personal circumstances have changed please contact XPS, the Scheme administrators, via any of the following:



HGPS@xpsgroup.com



0131 370 2601



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