



# HERMES GROUP PENSION SCHEME

January 2025

Dear Member

## **HERMES GROUP PENSION SCHEME**

### **INTRODUCTION**

Welcome to the 2025 newsletter of the Hermes Group Pension Scheme.

The newsletter provides you with some key information from the latest annual Report and Accounts as at 30 June 2024. It also informs you of any developments that have taken place since.

Developments covered in the newsletter include an update on current topics, such as the Pensions Dashboard, the General Code and the DB Funding Code.

An update has also been included to cover the work the Trustee has been doing on digital communications and information on the Scheme investments and performance.

The usual factual information on the membership, Trustee advisers, Trustee Directors and contact details is included at the end of the newsletter.

The Trustee would also like to remind you about Hermes Pensioners Association, (HPA), launched in January 2017 to enable Scheme members to maintain contact, meet occasionally and provide a forum to discuss relevant issues. HPA is run independently of Hermes Group Pension Scheme Trustee, but the Trustee is happy to make Scheme members aware of HPA and how they can join the Association (note that membership is no longer restricted to those already drawing their scheme pension). David Bridges is the Chair of HPA. If you would like to receive information about HPA and its forthcoming events, please contact David by Email: [davidchbridges@gmail.com](mailto:davidchbridges@gmail.com) or Telephone: 0208 3990160.

There is much more information about the Scheme, the Trustee and its advisers on the website. Please use the website; <https://www.hermesgrouppensionscheme.co.uk/> There is important information on there on pension transfers and scams and access to the Trustee Report and Accounts, past newsletters, Summary Funding Statements and the Statement of Investment Principles.

***The Trustee of the Hermes Group Pension Scheme***



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## NOMINATION OF BENEFICIARY FORM

*If you have been in receipt of a pension for over five years there will be no lump sum death benefit payable.*

For some time the Trustee has been concerned that not enough members have completed a Nomination of Beneficiary Form. This allows you to indicate to the Trustee who you would like to nominate to receive any lump sum death benefit. A lump sum death benefit will not be available if you have been receiving a pension for more than five years.

An expression of wish provides guidance to the Trustee as to who to consider as recipients of any lump sum death benefits. This does not have to be the same as the beneficiaries under your Will, as the lump sum is not part of your Estate. For example, you can nominate a partner, your children or other family members or a charity, and the sum can be divided between a number of people or organisations. Once you have completed a Nomination of Beneficiary Form it is important to keep it up to date, particularly if your circumstances change, so that the Trustee can take into account your wishes. If there is no Nomination of Beneficiary form, or it appears to be very out of date, the Trustee has to make its own judgment on who to pay to, based on our investigations of your personal circumstances, and this may not be in line with what you would have wanted and will take more time.

If a lump sum death benefit under the Scheme would be payable, please do complete a Nomination of Beneficiary Form, if you haven't done so already, or update your current form if your circumstances have changed. The form is available on the member website and should be sent to XPS, the administrators of the Scheme (contact details at the end of this newsletter).

## DIGITAL COMMUNICATIONS

The Trustee previously communicated that it was pleased to announce that the decision was taken to implement the online member portal from September 2023.

The portal allows members to log into their own area and have access to information such as monthly payslips and P60s. The portal has proved to be popular. Since implementation member access has been steadily growing and it is now being accessed by 35% of members.

As a result of moving towards digital communications, members are encouraged to provide their personal (rather than work) email address to XPS so that the information can be saved to member records.

If you wish to supply XPS with your email address for communication purposes, please send your email and a request that your member file is updated to **HGPS@XPSgroup.com**.

## PENSIONS DASHBOARD

The Pensions Dashboard Programme which was announced by the government a few years ago, called for pension schemes to connect to an online pension dashboard. The aim is to enable members who are not yet drawing their pensions to have quick and easy access to information on all their pension savings in one place. Pensions dashboards are digital services which could be in the form of an app, website or other digital platform.

In order to prepare for the release of Pensions Dashboards, between now and when the Scheme has to provide data, the Trustee will be working with its advisers and administrators to make sure that it has the right processes in place to be able to support this initiative.

To find out more about the PDP go to [www.pensionsdashboardsprogramme.org.uk](http://www.pensionsdashboardsprogramme.org.uk).



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## THE GENERAL CODE

The Pensions Regulator (TPR) has published its final General Code of Practice. The Code applies to occupational, personal and public service pension schemes and came into force on 28 March 2024. The General Code of Practice should be considered as a rulebook for running a pension scheme in the UK. It sets out how The Pensions Regulator (TPR) expects the scheme to be managed to the benefit of its members.

There are 5 sections within the Code covering governance, funding and investment, administration, communication and disclosure and reporting to TPR.

Schemes are required to produce an effective systems of governance (ESOG) to document policies and procedures to demonstrate that the governing body is managing the scheme in line with the requirements. Imagine it is like good housekeeping for your pension scheme. An ESOG ensures everything is organised, risks are identified and managed, and decisions are made in a responsible way. Following this, Schemes will be required to complete an Own Risk Assessment (ORA). The ORA will document how well the practice, policies, and procedures in place for the scheme are functioning.

The Hermes Group Pension Scheme is required to complete its first ORA by 30 June 2026 and on a triennial basis thereafter.

The Trustee and its advisers have made good progress with the ESOG and will start work to produce the ORA during 2025.

## DB FUNDING CODE

The Pension Schemes Act 2021 introduced the requirement for DB schemes to have a funding and investment strategy (FIS) to ensure that pensions can be paid over the long term.

The DB Funding Code, which came into force from 6 April 2024, sets out further requirements on how The Pensions Regulator (TPR) expects schemes to comply with new legislation on scheme funding.

The Hermes Group Pension Scheme will be required to comply with the new code from 30 June 2026, the date of the next actuarial valuation.

Trustees will be required to implement or update their funding and investment strategy (FIS) and prepare a Statement of Strategy (SoS) that describes their FIS and other matters to be shared with TPR. The FIS and SoS will be reviewed triennially.

## ACTUARIAL VALUATION AS AT 30 JUNE 2023

The last full actuarial valuation of the Scheme was as at 30 June 2023. Full details are provided separately in the Summary Funding Statement.

## INVESTMENTS

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.

### Performance

The Scheme's performance for the 12 months to 30 June 2024 and three year period, based on the performance of the investment managers after the deduction of fees for all managers, is shown in the table below:



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|           | One year (%) | Three years (% pa) |
|-----------|--------------|--------------------|
| Scheme    | 0.1          | (14.4)             |
| Benchmark | 1.3          | (14.0)             |

\* 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 14 of the 2024 Annual Report & Accounts.

The majority of the Scheme's assets performed well, in absolute terms, over the one year period to 30 June 2024. The Scheme did underperform its benchmark over the year and this was driven by the poor performance of the Abrdn Long Lease property fund relative to its benchmark of gilts +2% pa.

The Scheme had also seen a fall in asset value of the three and five year periods to 30 June 2024, the majority of which was due to the Scheme's LDI portfolio which experienced significant negative investment returns in the second half of 2022. LDI assets are assets that will move in a broadly similar way to a scheme's liabilities in the event of changes in interest rates and inflation expectations. These LDI assets are mostly made up of UK government bonds (fixed interest gilts and index-linked gilts). The fall in the Scheme's asset value and the underperformance associated with it was mostly due to the significant drop in the value of gilt prices during the 'gilt crisis', which occurred following the Kwarteng Budget announcement in September 2022 (during which gilt prices fell in value which meant that gilt yields rose).

The fall in the Scheme's assets was, however, matched by a fall in the Scheme's liability value. Higher gilt yields place a lower value on the Scheme's liabilities, meaning that both the Scheme's assets and liabilities fell in value over the period and there was therefore little impact on the overall funding level of the Scheme. Therefore, although the Scheme's assets did fall in value during the period, the Scheme remained well funded.

## TRUSTEE BOARD AND DIRECTORS

The membership of the Trustee Board is shown below:

| Trustee Board  |                    |                       |                     |                          |
|--|--------------------|-----------------------|---------------------|--------------------------|
|  | Directorship type  | Professional trustee? | Ex Hermes employee? | Scheme member/pensioner? |
| <b>Alison Bostock</b><br>Representing ZEDRA Governance | Independent Chair  | Yes                   | -                   | -                        |
| <b>Penni Coe</b>                                       | Member-Nominated   | -                     | Yes                 | Yes                      |
| <b>Hans Christoph Hirt</b>                             | Member-Nominated   | -                     | Yes                 | Yes                      |
| <b>Peter James</b>                                     | Employer Appointed | -                     | -                   | -                        |
| <b>Joanne Coxwell</b>                                  | Employer Appointed | -                     | -                   | -                        |

## EMPLOYER NOMINATED TRUSTEE

The Trustee would like to inform the membership that Peter James of Brightwell joined the Trustee Board in September 2024 as an employer nominated trustee. Peter is the successor to Matt Simms



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who had served as a Trustee since 2013. The Trustee wants to thank Matt for his valuable contribution to the Board .

## MEMBERSHIP STATISTICS

The figures below show the recent history of membership:

|                   | 30.06.2022 | 30.06.2023 | 30.06.2024 |
|-------------------|------------|------------|------------|
| Employed deferred | 26         | 26         | 24         |
| Deferred          | 341        | 321        | 308        |
| Pensioner         | 210        | 232        | 248        |
| <b>Total</b>      | <b>577</b> | <b>579</b> | <b>580</b> |

## ADVISERS

The current advisers to the Trustee are:

|                           |                       |                   |
|---------------------------|-----------------------|-------------------|
| <b>Actuary</b>            | XPS                   | Adam Stanley      |
| <b>Lawyer</b>             | Sackers               | Lucy Dunbar       |
| <b>Investment Adviser</b> | LCP                   | Matt Mandelbaum   |
| <b>Secretary</b>          | ZEDRA Inside Pensions | Fiona Kilpatrick  |
| <b>Administrator</b>      | XPS                   | George Patterson  |
| <b>Finance</b>            | XPS                   | Amy Webb          |
| <b>Auditor</b>            | KPMG                  | Paul Thompson     |
| <b>Covenant Adviser</b>   | Cardano               | Alex Hutton-Mills |

## CYBER CRIME/SCAMS

The Trustee encourages you to stay alert against any suspicious calls, texts or emails (Phishing) which could be a scam. Phishing is when criminals use scam emails, text messages or phone calls to trick their victims. The aim is often to make you visit a website, which may download a virus onto your computer, or steal bank details or other personal information. [Phishing: Spot and report scam emails, texts, websites and... - NCSC.GOV.UK](#)

*If you do receive any suspicious messages, emails or calls, please do not hand over any information such as your bank account details. Instead, hang up, or delete any worrying texts or emails.*

If you are planning to transfer or take your benefits, it is vital to make sure that any adviser or provider you speak to is fully qualified and authorised. Offers to use or access your pension savings may come to you out of the blue, by post or email, either from a company you might have never heard of, or a scammer impersonating a well-known firm. Whether you want to find an adviser, or check if someone contacting you is above board, the best place to start for guidance is MoneyHelper [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk) (search for 'Find a retirement adviser'). The Financial Conduct Authority (FCA) also have a wide range of information and guidance on the 'ScamSmart' area of their website: [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)

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If you think you have been a victim of fraud, you should report it to Action Fraud, the UK's national fraud and internet crime reporting centre, on 0300 123 2040 and also consider reporting the crime to the police

## CONTACT DETAILS

Please contact the Scheme Secretary via any of the following:



[sta.Hermes@zedra.com](mailto:sta.Hermes@zedra.com)



01727 733150



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c/o ZEDRA Inside Pensions  
Third Floor, Trident House  
42-48 Victoria Street  
St Albans  
Hertfordshire  
AL1 3HZ

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](mailto:HGPS@xpsgroup.com)



0131 370 2601



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