

# THE PDSA RETIREMENT BENEFITS PLAN (1978)



2020 Member Report



# Hello and welcome ...

## to the 2020 Member Report from the PDSA Retirement Benefits Plan (1978) (RBP) Trustee

First and foremost, I hope you are safe and well!

2020 has and continues to be a massively challenging year for everyone and the RBP has been no exception. At the beginning of the year we thought that the main task would be to prepare for the next actuarial valuation. By the time March arrived, however, it was becoming clear that we would have other challenges to deal with, as a result of Covid-19.



You will be aware, that as Trustee Directors, we are charged with the task of ensuring the RBP is well governed and best able to meet its obligations to you, our members. With the active support of our advisors, I am pleased to say that, we remain confident that this is the case, even with the turbulence faced at so many levels in our country and across the world.

During the pandemic our operational priorities have focused on making sure the pension payroll and other benefit payments continue without disruption. We've also been keeping a close eye on investment performance, set against the overall funding position of the RBP.

Investment markets continue to be volatile, yet because of our carefully constructed investment strategy the RBP has weathered the storm reasonably well. We continue to be vigilant on this issue, recognising that our investments are to meet long term needs and that we therefore must take care to respond sensitively to market changes, which we do by receiving and acting on regular updates from our Investment Advisor.

The Trustee remains in close contact with the Society and has been reassured by the steps it has taken in addressing the consequences of the pandemic and in its long-term support for the RBP. You can read more about what the Society is doing on page 8.

One of the consequences of the pandemic, is an increase in pension scams. You may have seen some articles in the media where people have lost their savings due to fraudsters tricking them into transferring their pension into "safe" investments. We want you to be safe from such activity, so we've included details of the guidance published by the Financial Conducts Authority on page 15.

In conclusion, we can reassure you that your benefits remain protected, so that this is one worry you should not need to have in these very uncertain times. As always, don't forget you can get in touch with us if there are any topics you'd like to know about in future editions.

Stay safe.

**John Miller**

Chair of the Trustee – The PDSA Retirement Benefits Plan (1978)

# Summary Report & Accounts

As at 31 December 2019, the Plan's assets were worth £127 million. This is an increase of £12 million over the previous year. Below is a snapshot of the Plan's finances in the year to 31 December 2019.

**Plan at the start of 2019 £114,194,000**

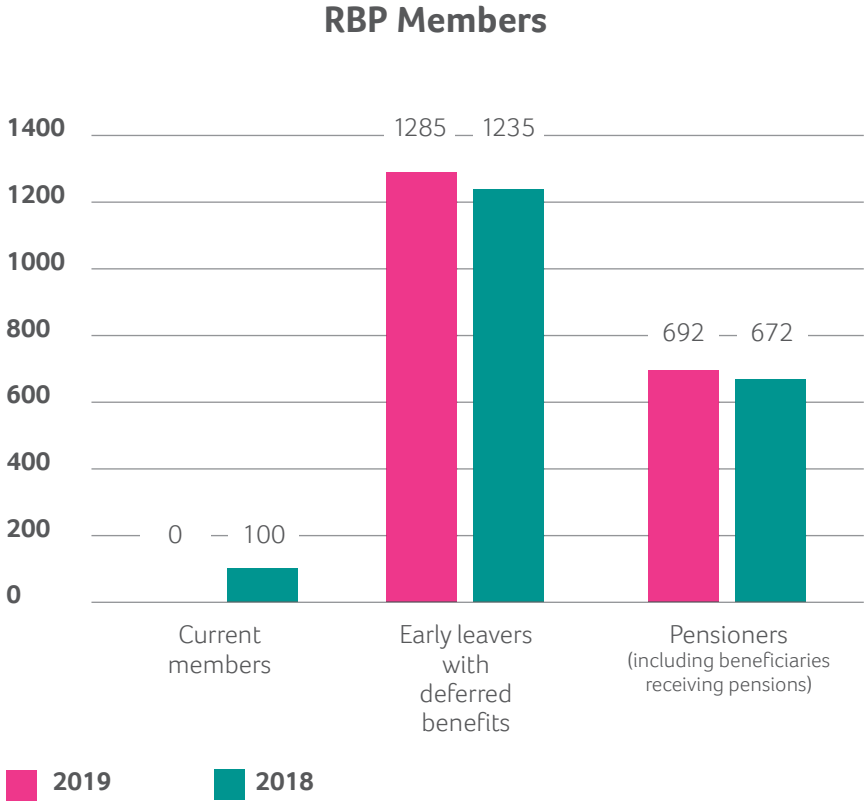
<b>In</b>	<b>Total income</b>	<b>£3,321,000</b>
<b>Less</b>	<b>Total expenditure</b>	<b>£4,603,000</b>
<b>Plus</b>	<b>Change in market value of investments</b>	<b>£6,892,000</b>
<b>Plus</b>	<b>Investment income</b>	<b>£6,864,000</b>

**Plan at the end of 2019 £126,668,000**

<b>In</b>	Regular contributions received from PDSA	£3,316,000
	Contributions received from members	£4,000
	Additional voluntary contributions	£1,000
		<u>£3,321,000</u>
<b>Out</b>	Benefits paid	£2,603,000
	Investment management expenses	£243,000
	Administration and actuarial fees	£529,000
	Audit and accountancy fees	£10,000
	Other expenses	£72,000
	Leavers (transfers out)	£1,146,000
	<u>£4,603,000</u>	

# RBP Membership

This chart shows a comparison of the RBP's membership as at 31 December 2018 and 31 December 2019.



On 6 April 2019 the transition period came to an end and the RBP closed to future accrual. All active members became deferred members (early leavers in the chart above) and those who were eligible joined the PDSA Group Personal Pension Plan.

# Investment of the RBP's assets

## Investment strategy

The investment objective of the Plan is to maintain a portfolio of suitable assets of appropriate liquidity that will generate investment returns to meet, together with future contributions, the benefits of the Plan payable under the Rules as they fall due.

The Trustee sets the investment strategy taking into account considerations such as the strength of the Society's covenant, the long-term liabilities of the Plan and the funding agreed with the Society.

The Trustee reviews the appropriateness of the Plan's investment strategy on an ongoing basis. This review includes consideration of the continued competence of the fund managers with respect to performance within any guidelines set. The Trustee also consults with the Society before amending the investment strategy.



## Strategy as at 31 December 2019

The Plan's investment strategy is set out in the Statement of Investment Principles (SIP), dated August 2020, prepared by the Trustee in accordance with the requirements of the Pensions Act 1995, as amended by the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005, as amended by various regulations.

The Statement of Investment Principles was updated in line with new regulation to set out the Trustee's approach in relation to financially material considerations, the exercise of rights and engagement activities and non-financial matters.

The Trustee has a strategy to gradually move the Plan's assets towards a defined self-sufficiency portfolio over a period of around 20 years (the actual period will depend on the cashflow position of the Plan over time). However, the de-risking was put on hold as a result of the worsening in the funding position due to yield falls. As at 31 December 2019 the Plan's strategy was to hold:

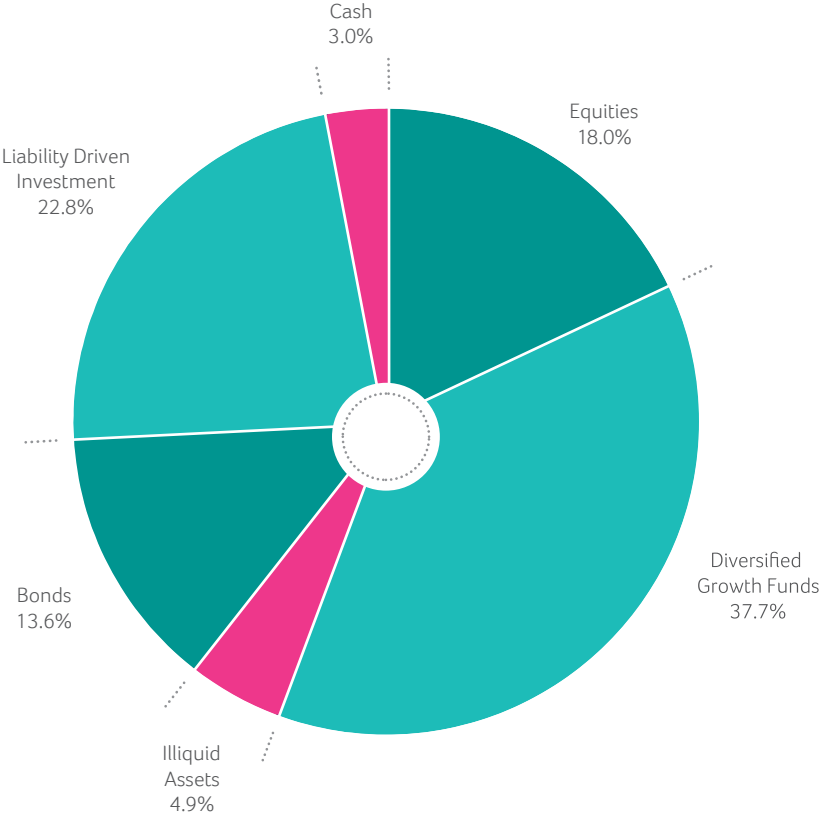
- **24% in investments** that move broadly in-line with the value of the Plan's liabilities. Part of this investment is in Liability Driven Investment and comprises of UK government bonds (gilts), gilt repurchase agreements, interest rate swaps and cash instruments. The purpose of these assets is to protect the Plan's funding position against the impact of interest rate and inflation movements.
- **20% in credit assets**, including Absolute Return Bond and Global Asset Backed Securities funds.
- **56% in return-seeking investments** comprising UK and overseas equities, investment property, diversified growth funds and alternative investments.

In addition to the above, £27.9 million is held by the RBP in insurance policies, which match the majority of pensions in payment (and therefore these pension payments are secured by these policies). There is also £1 million held by the RBP in relation to members' Additional Voluntary Contributions.

# Investment split

The day by day investment management decisions are made by the investment managers, following the overall parameters set by the Trustee in the Investment Management Agreement. The chart below shows the proportion of the overall portfolio that was invested in each asset class as at 31 December 2019:

## RBP Investments





The Trustee has assets invested with seven different investment managers. The table below shows the proportion of the invested assets that each manager was responsible for as at 31 December 2019:

<b>Manager</b>	<b>Proportion of portfolio (%)</b>
<b>BlackRock Investment Management (UK) Limited</b>	<b>22.4%</b>
<b>Schroder Investment Management (“Schroder”)</b>	<b>0.1%</b>
<b>Insight Investment (“Insight”)</b>	<b>39.4%</b>
<b>Pictet Asset Management (“Pictet”)</b>	<b>15.7%</b>
<b>Invesco Perpetual</b>	<b>17.6%</b>
<b>Barings</b>	<b>3.6%</b>
<b>Arcmont Asset Management (“Arcmont”)</b>	<b>1.2%</b>
<b>Total</b>	<b>100.0%</b>

The general investment strategy of the investment managers is to achieve steady growth over the medium to long term, subject to an acceptable level of risk. The managers reduce the level of risk by investment in a range of different securities within each investment market.

# RBP News

## Coronavirus Update

During the Covid-19 pandemic the Trustee's priorities have been to continue to make pension and benefit payments as well as monitor the Plan's investments and funding position.

The Trustee has been working closely with its advisors to ensure that the RBP continues to be able to respond to changing circumstance. In this regard, we are pleased to confirm that Covid-19 has not impacted on the ability of our advisors to deliver their usual service standard. We have requested Business Continuity plans from our advisors and continue to monitor performance against service level agreements.

We can also confirm that Hymans Robertson LLP (who is our Pensions Administrator) has continued to deal with benefit enquires as well as pay all benefits, including pensioner payroll, as they fall due.

In order to reduce the amount of post being sent to our Pension Administrator's offices during the pandemic, you may wish to contact them by email or by phone, rather than sending letters in the post. Their contact details can be found on page 22. You might also wish to take this opportunity to visit [www.pdsarbp.co.uk](http://www.pdsarbp.co.uk) and open a member account so that your email address can be recorded, giving us the means to contact you electronically if the need arises in the future. We have provided more information about going online on pages 9 and 24.

## Update from the Society

We thought you might be interested in hearing what the Society has been doing in order to ensure it is able to deal with the challenges brought by the pandemic and ensuing recession. The Society has advised us that during the lockdown periods, PDSA continued to provide treatment to pets for urgent cases through its Pet Hospital network, whilst prioritising the safety of its people and clients. PDSA's shops were all closed in the initial National lockdown. They were reopened as lockdown eased and then closed again in the subsequent regional lockdowns across Northern Ireland, England, Scotland and Wales. Where appropriate staff either worked from home in line with Government guidance or were furloughed.

The Society was able to take advantage of Government support such as the Coronavirus Job Retention Scheme (CJRS or 'furlough' scheme as it became known) together with retail grants and business rate holidays for its shops. All of this has helped to ensure that the Society is able to continue to treat sick and injured pets well into the future.

As expected, the Society does predict a reduction in income this year, however it has strong reserves and additionally donors and supporters have continued to support PDSA with generous legacies and gifts."

Looking forward, the impact of social distancing and the possible increase in demand for PDSA's services in a post Covid-19 world are being considered, as are the mitigating actions which need to be taken to ensure that the Society returns to as near normal operating practices as possible.

## Find out about your pension by going online

You can find out about your pension with the RBP by registering on the RBP website. Or maybe you've wanted to change your details and didn't know how to do it, or which forms to use. Well you can do all of these things on our dedicated website.

To register go to: [www.pdsarbp.co.uk](http://www.pdsarbp.co.uk)  
What's more, if you register on the website you will have access to your own personal details and information about where you are with your pension. So, at any time you can:

- ✓ **View** your personal information
- ✓ **Submit** general enquiry requests online
- ✓ **Update** your address
- ✓ **Update** your nominated beneficiaries
- ✓ **View** your current pension in payment
- ✓ **Tell us** how you prefer us to contact you, for example, by entering your email address
- ✓ **View** and print your pension payslips and P60's
- ✓ **View** your annual pension at date of leaving
- ✓ **Look** at your retirement date and maybe see what would happen if you retired at a different date

## How to do it

All you have to do is register on the site to be able to do all of these things. You'll have easy access to all the pension scheme documents and forms, and simple explanations about technical pension terms to help you understand more about your retirement savings with the RBP. To see a step by step guide on how to go about setting up your member account, please refer to page 24.

## Updated RBP Rules

The Trustee has worked with its legal advisor to produce an updated set of Rules to incorporate legislative changes as well as specific scheme changes.

As part of the review of the Plan's Trust Deed and Rules, which was undertaken as part of the Trustee's overall governance of the Plan, there was an assessment of members' benefit entitlements and as a result of this specific project we concluded that there was a need to increase some members' pensions.

# RBP News (continued)

## Appointment of a new Member Nominated Trustee Director

Dan Shrimpton was appointed as a Member Nominated Trustee Director with effect from 18 December 2019. The Plan therefore has two Member Nominated Trustee Directors and three Society Nominated Trustee Directors.

Dan has worked for PDSA for over 15 years, firstly as a vet, then senior vet and currently Principal of Regional Veterinary Services. Dan has already undergone significant Trustee training and is fully involved in the business of the Plan as a Member Nominated Trustee Director.

## Interview with our new Member Nominated Trustee Director

Now that Dan has been a Trustee Director for some time, we thought you might be interested in his thoughts about the role. We therefore asked him some questions and his answers can be found below:

### You have been a Trustee Director for nine months now, is the role how you expected it to be?

“ I have really enjoyed my first nine months. The training for the role has been really interesting and I have felt well supported in developing the knowledge and skills needed for the role. The advisors we use have been excellent in helping me to get my head around some of the technical aspects of the decisions we have to make. They always appear happy to answer questions from me regardless of how basic they may be! ”

### Were there any surprises?

“ In terms of surprises, I think the level of detailed planning and structure involved in the management of the RBP was an initial surprise. However on reflection I was a bit naive to think it might be otherwise, given the responsibilities involved in looking after the future security of so many scheme members. Nonetheless it was very reassuring to find out about the strategy, plans and structure surrounding the management of the scheme. ”

### Covid-19 has really changed the way we work, do you think the Trustee has adapted to the changes?

“ I feel the Trustee Directors have really adapted well to the changes in ways of working. Our Trustee meetings have moved to video conference as has much of working life. We are spread out geographically as a group and so the adoption of video conferencing technology will be of lasting benefit. I do miss the less formal chat over a cup of coffee though that happens during breaks. ”

### What do you enjoy most about being a Trustee Director?

“ I really enjoy getting involved in the discussion and debate around decision making in our Trustee meetings. It is quite lively as meetings go! My fellow Trustee Directors, the representatives of PDSA and the advisors who attend all care about getting the right result for the scheme and ensuring the members interests are looked after. The meetings are focussed and productive, it is an environment I really enjoy working in. ”

### And finally, tell us what you like to do in your free time?

“ Outside of work I am kept pretty busy as a taxi driver for my three kids and the usual domestic tasks. To get some headspace and to unwind I do try to get out fairly frequently on the local moors above Sheffield trail running. Over lockdown my main running buddy has been our one year old border terrier Albie! ”

## Additional Voluntary Contributions (AVCs)

During the year Equitable Life moved its AVC business to Utmost Life and Pensions (Utmost). Following the transfer, the Trustee took the decision to move the AVCs from Utmost and members affected were given the choice of moving their Utmost AVCs to either Prudential or ReAssure Life (Previously Legal & General) with the default position being a transfer to Prudential.

Should you wish to transfer your AVCs to Prudential or ReAssure Life please contact our Pensions Administrator whose contact details can be found on page 22.

As your RBP AVC benefits are defined contribution in nature, you also have the option to transfer your AVCs from

the RBP to the PDSA Group Personal Pension Plan. Before doing so, we suggest you seek advice from an Independent Financial Advisor. The Trustee is not allowed to provide you with financial advice in this matter so if you do not have a financial advisor, IFA Promotions can put you in contact with a selection in your area. You can visit their website at [www.unbiased.co.uk](http://www.unbiased.co.uk)

In addition, in December 2017, Legal & General announced the sale and proposed transfer of its traditional insurance-based savings, pensions, life and with profits business to ReAssure Life. Legal & General and ReAssure Life agreed a transfer date of 7 September 2020, subject to approval by the Courts and this transfer went ahead as planned.

# Current issues in the pensions' world

## Lifetime Allowance

HM Treasury confirmed that the Lifetime Allowance increased by the consumer prices index from April 2020 from £1.055 million to £1.073 million.

As a reminder, the Lifetime Allowance is the amount of savings you can take from all of your combined UK occupational and personal pension schemes without an extra tax charge being applied. If you take more than the current Lifetime Allowance from your combined UK pension savings, you may be subject to a tax charge unless you have protections in place such as Fixed or Individual Protection.

If you have any concerns about this, please seek independent financial advice.

## Annual Allowance

The Annual Allowance is a limit to the total amount of pension you can build up each year without paying a tax charge. For Defined Contribution pensions schemes (such as the PDSA Group Personal Pension (the GPP)), the amount of pension you build up is simply the total employee and employer contributions paid in during the year. It's a bit more difficult for Defined Benefit pension schemes (such as the RBP), where the value of the benefits you build up each year need to be calculated. The limit is set

by HMRC and if you exceed this, you may need to pay an Annual Allowance charge to HMRC.

The Annual Allowance for the 2020/2021 year is £40,000, however there are sub limits within this amount depending on your earnings. Should you wish to find out more, we recommend that you seek independent financial advice.

You should also be aware that if you access defined contribution benefits under the pension freedoms legislation, you could be caught by the Money Purchase Annual Allowance which is currently £4,000. If you have accessed defined contribution benefits (such as the PDSA GPP), you may want to seek independent financial advice to ensure that yours and PDSA's contributions to the GPP do not subject you to the Money Purchase Annual Allowance.

If you trigger the Money Purchase Annual Allowance you will still have an Annual Allowance of £40,000 in total, but no more than £4,000 can be paid into a defined contribution pension scheme (like the GPP) in a tax efficient manner.

If you have any concerns about your Annual Allowance position, you should seek independent financial advice. You can also find more information on the Annual Allowance from The Pensions Advisory Service website:

[www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

## Brexit

The UK formally left the European Union on 31 January 2020 and is now in an 11-month transition period. During this period, the UK continues to follow EU rules and trading relationships remain in place.

Once the transition period ends, either a free trade agreement needs to be made with the EU or tariffs and border checks will be applied to UK goods entering the EU.

At the time of writing, negotiations are ongoing, however the Trustee continues to keep Brexit and its implications under review.

## Brexit and the State Pension

Leaving the EU might affect your State pension if you are a UK national living in an European Economic Area (EEA) state or Switzerland. For those who are already living in an EEA state or Switzerland by 31 December 2020, it is expected that increases will be awarded to State pensions. For those who move to the EEA or Switzerland from 1 January 2021 onwards, the rules on entitlement will depend on the outcome of the UK Government's negotiations with the EU.



# Current Issues (continued)

## High Court judgement on equalising Guaranteed Minimum Pensions (GMP's)

In last year's Member Report, we told you that the High Court had made a judgement about Guaranteed Minimum Pensions (GMPs) earned between 15 May 1990 and 6 April 1997. It means that pension schemes will need to ensure that men and women who built up these pensions at different rates, are now not treated differently. If you opt for a transfer value or take a trivial lump sum in exchange for your pension, then the Trustee will ensure that a check is completed to equalise your GMPs. The Trustee will also undertake an exercise to equalise GMPs held within the RBP, however we continue to wait for industry guidance and clarification on certain issues by the Courts and HMRC

Any members whose pensions are affected are unlikely to see a large change in their pension. And if you are already in receipt of your pension, don't worry – your equalised pension can only ever be equal or greater to what you currently receive. In addition, the cost of any changes that may need to be made are unlikely to have a major impact on the financial health of the RBP.

## Pensions Dashboard

In our last report we said we would provide you with more information on the Pensions Dashboard. The Pensions Dashboard is a Government driven initiative and aims to enable you to see all your pension savings in one place as well as access your pension's information online. Whilst work continues on this project, there is still much to be done by the Government appointed working group.





## Coronavirus and pension scams

The Coronavirus pandemic has led to an increase in scams.

There are more details on the Financial Conduct Authority's (FCA) website about pension scams: [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart) however we have provided information from the website below.

***Remember – if it sounds too good to be true, then it's probably worth asking yourself 'is this a scam?'***

***The warning signs - scam offers often include:***

The Pensions Regulator and FCA list scam tactics on their ScamSmart leaflet as follows:

- Free pension reviews
- Higher returns – guarantees they can get you better returns on your pension savings
- Help to release cash from your pension even though you're under 55 (an offer to release funds before age 55 is highly likely to be a scam)
- High-pressure sales tactics – the scammers may try to pressure you with 'time-limited offers' or even send a courier to your door to wait while you sign documents
- Unusual investments – which tend to be unregulated and high risk, and may be difficult to sell if you need access to your money
- Complicated structures where it isn't clear where your money will end up
- Arrangements where there are several parties involved (some of which may be based overseas) all taking a fee, which means the total amount deducted from your pension is significant
- Long-term pension investments – which mean it could be several years before you realise something is wrong

# Current Issues (continued)

## Four simple steps to protect yourself from pension scams

### Step 1 – Reject unexpected offers

If you're contacted out of the blue about a pension opportunity, chances are it's high risk or a scam.

If you get a cold call about your pension, the safest thing to do is to hang up – it's illegal and probably a scam. Report pension cold calls to the Information Commissioner's Office (ICO) [www.ico.org.uk](http://www.ico.org.uk)

Be wary if you're contacted about any financial product or opportunity and they mention using your pension.

If you get unsolicited offers via email or text, you should simply ignore them. Fortunately, most people do reject unsolicited offers – our research suggests that 95% of unexpected pension offers are rejected.

Be wary of offers of free pension reviews. Professional advice on pensions is not free. A free offer out of the blue (from a company you have not dealt with before) is probably a scam.

Don't be talked into something by someone you know, even a friend or family member. They could be getting scammed. Check everything yourself.

### Step 2 – Check who you're dealing with

Check our Financial Services Register to make sure that anyone offering you advice or other financial services is FCA authorised, and that they are permitted to provide you with those services.

If you need any help checking, call our Consumer Helpline on 0800 111 6768.

Make sure the firm you are dealing with is not a clone – a common scam is to pretend to be a genuine FCA-authorised firm (called a 'clone firm'). Always use the contact details on the Financial Services Register, not the details the firm gives you.

### Check the FCA Register

If you use an unauthorised firm, you won't have access to the Financial Ombudsman Service [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk) or Financial Services Compensation Scheme [www.fscs.org.uk](http://www.fscs.org.uk) so you're unlikely to get your money back if things go wrong.

If you use an authorised firm, access to the Financial Ombudsman Service and FSCS protection will depend on the investment you are making and the service the firm is providing.

Check the directors' names and whether the firm is registered with Companies House [www.gov.uk/government/organisations/companies-house](http://www.gov.uk/government/organisations/companies-house) Search the company name and the directors' names online to see if others have posted any concerns.

You can also check the FCA warning list [www.fca.org.uk/scamsmart/warning-list](http://www.fca.org.uk/scamsmart/warning-list) to find out if there are any risks of a potential pension or investment opportunity. This will allow you to see if the firm is known to be operating without our authorisation.

### Step 3 – Don't be rushed or pressured

Take your time to make all the checks you need – even if this means turning down an 'amazing deal'. Be wary of promised returns that sound too good to be true and don't be rushed or pressured into making a decision.

### Step 4 – Get impartial information or advice

You should seriously consider seeking financial guidance or advice before changing your pension arrangements.

- The Pensions Advisory Service [www.pensionsadvisoryservice.org.uk/](http://www.pensionsadvisoryservice.org.uk/) provides free independent and impartial information and guidance.
- If you're over 50 and have a defined contribution pension, Pension Wise [www.pensionwise.gov.uk](http://www.pensionwise.gov.uk) offers pre-booked appointments to talk through your retirement options.
- You can also use a financial advisor to help you make the best decision for your own personal circumstances. If you do opt for an advisor, make sure they are regulated by the FCA and never take investment advice from the company that contacted you, as this may be part of the scam. Find

out more about getting financial advice [www.moneyadvice.service.org.uk](http://www.moneyadvice.service.org.uk)

### If you think you have been scammed

You can report the firm or scam to us by contacting our Consumer Helpline on 0800 111 6768 or by using its reporting form [www.fca.org.uk/consumers/report-scam-us](http://www.fca.org.uk/consumers/report-scam-us)

If you've already agreed to transfer your money and now suspect a scam, you should get in touch with your pension provider straight away. They might be able to prevent the transfer.

You should also contact Action Fraud [www.actionfraud.police.uk](http://www.actionfraud.police.uk) online or by calling 0300 123 2040.

If you are unsure of what to do, contact the Pensions Advisory Service for help [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

Be aware that if you have already invested in a scam, fraudsters are likely to target you again or sell your details to other criminals.

The follow-up scam may be completely separate or related to the previous fraud, such as an offer to get your money back or to buy back the investment after you pay a fee.

If you have any concerns at all about a potential scam, contact us immediately.

# Summary funding statement

The purpose of this update is to provide you, as a member of the RBP, with information on how the Plan is funded. You will receive an update most years from us as the Trustee Board of the RBP, summarising the Plan's funding position, however this may occasionally be delayed if an actuarial valuation is taking place.

## How is the RBP's financial security measured?

To check the RBP's financial security we compare the value of its liabilities to its assets. The liabilities are an estimate of the amount of money required at a defined date to pay all future benefits. If the RBP's assets are a lower value than the liabilities, it is said to have a "shortfall" or "deficit". If the assets are more than the liabilities, it is said to have a "surplus". We are required to set out our approach to funding in a formal document called the Statement of Funding Principles.

We are required to carry out an in-depth look at the RBP's finances at least every three years. This is called an 'actuarial valuation' and we ask a qualified, independent professional, known as the Scheme Actuary, to do this. We also ask the Scheme Actuary to provide a formal funding update on an annual basis, and review it less formally throughout the year.

## What is the RBP's current financial position?

The last full actuarial valuation of the RBP was carried out as at 31 December 2017. We have set out the results of this valuation in the table below.

In addition, we are required to request an approximate funding update from the Scheme Actuary in the years between the formal actuarial valuations. This has been completed as at 31 December 2019, and the results are also included below.

The next formal actuarial valuation to assess the financial position of the RBP will be as at 31 December 2020. The Trustee has already started this process ahead of the year-end.

Financial position as at end:	31 December 2017	31 December 2018	31 December 2019
RBP liabilities	£163.5m	£160.8m	£168.9m
RBP assets	£117.3m	£112.6m	£125.8m
Funding shortfall (assets minus liabilities)	(£46.2m)	(£48.2 m)	(£43.1)m
Funding level (assets divided by liabilities)	72%	70%	74%

The valuation's results at 31 December 2017 revealed a funding shortfall of £46.2m, which decreased to £43.1m at 31 December 2019.

Assets performed well in 2019 and this, combined with the Society paying contributions of £7.8 million since 31 December 2017 led to an improvement in the RBP's funding level as at 31 December 2019. However, the improvement in the funding level was offset to some extent by falling Government bond yields resulting in an increase in the value of the liabilities.



# Summary funding statement (continued)

## Is the shortfall going to be paid off and, if so, how will this be done?

Following the completion of the actuarial valuation as at 31 December 2017, the Trustee agreed a funding plan with the Society.

The Society agreed to pay the following contributions into the RBP:

- £1.2m between 1 January 2019 and 31 March 2019 (which has now been paid);
- From 1 April 2019 to 31 December 2019, £1.5m payable in equal monthly instalments over the nine-month period (this has also been paid)
- From 1 January 2020 to 31 August 2032, £2.5m per annum payable in equal monthly instalments

This is a reasonably long recovery plan, so the Trustee has also agreed some additional protection from the Society, including an arrangement with the Society that gives the RBP additional security to support the length of the recovery plan. In addition, the Society has agreed to pay additional contributions if the funding level goes too far off track. As at 31 December 2019, the RBP's funding level is sufficiently high that no additional contributions are due from the Society over the regular contributions.

## How do you know what contributions should be paid?

Following each formal actuarial valuation, the Scheme Actuary advises the Trustee of the amount of contributions that should be paid into the RBP so that we can expect to be able to continue to pay members' pensions. The Trustee then agrees a level of contribution with PDSA and this is recorded in a document called the 'Schedule of Contributions.'

The Trustee reviews and updates the Schedule of Contributions each time the RBP has an actuarial valuation (i.e. at least every three years). The latest Schedule of Contributions was signed on 13 December 2018.

The Trustee is required to agree a 'Statement of Funding Principles.' This document describes how the Trustee will manage the RBP with the aim of being able to continue to pay members' benefits.

## Is my pension guaranteed?

The Trustee's aim is for there to be enough money in the RBP to pay pensions now and in the future, but this depends on PDSA continuing to operate and pay for the RBP.

If PDSA were to cease operation or to decide to stop paying for the RBP, it must pay the RBP enough money to buy all the benefits built up by members from an insurance company. This is known as the RBP being 'wound-up'.

## Is there enough money in the RBP to provide my full benefits if it were to be wound-up?

If the RBP had started winding up at 31 December 2017 the Scheme Actuary estimates that the RBP would have needed assets of £281.2 million in order to buy insurance policies to provide members' benefits in full (known as the discontinuance figure); which corresponds with a shortfall of approximately £162.2 million.

The cost of providing for all the benefits immediately in this way is much higher than the expected cost of paying for them gradually over future years and, in addition, insurance policy prices will include the insurance company's administration charges and profit margin. Even if a scheme has sufficient assets to meet its ongoing funding target (see current financial position above), the winding up position is likely to be below 100%.

The fact that we have shown the winding up position, does not mean that PDSA is thinking of winding up the RBP. We are legally obliged to advise you of this information to help you understand the financial security of your benefits.

In the unlikely event that the RBP were to be wound-up, PDSA must by law, pay enough into the RBP to secure all the benefits built up by members with an insurance company. In cases where an employer is unable to do this due to

insolvency, the Pension Protection Fund (PPF) can take over the liabilities, though this would be less than the full benefits you have earned in the RBP. However, while the RBP remains ongoing, even though the funding may be below target, benefits will continue to be paid in full.

Further information and guidance is available on the PPF website at:

[www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk)

or you can write to them:

**Pension Protection Fund**  
**12 Dingwall Road**  
**Croydon**  
**Surrey**  
**CR0 2NA.**

## The Pensions Regulator

The Pensions Regulator can amend future benefits of the RBP, give directions about working out the funding target or impose contribution rates on it. We are pleased to say that it has not needed to use its powers in this way for the RBP.

The Pensions Regulator requires us to tell you in this statement if there have been any payments to PDSA out of the RBP in the last 12 months. There have not (and this would be an unusual thing to happen). There are more details available about The Pensions Regulator and its powers at [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk).

# The RBP Trustee

Whitechapel Associates Limited acts as the Trustee to the RBP and is responsible for ensuring it is run in line with its governing documents and relevant legislation (for example pensions and tax law). Your current Trustee Directors are:

- **John Miller** – Chair of the Trustee – PDSA Nominated Trustee Director
- **Karen Hailes** – Secretary to the RBP, PDSA Nominated Trustee Director
- **Robert Beck** – PDSA Nominated Trustee Director
- **Robert Newcombe** – Member Nominated Trustee Director
- **Dan Shrimpton** – Member Nominated Trustee Director

The Trustee is able to appoint professionals to look after the day to day running of the Plan, however, the Trustee remains ultimately responsible for the Plan.

## Our Advisors

Although the Trustee Directors are ultimately responsible for the running of the RBP, we delegate some of our day to day duties to professional pension experts. Our current advisors are:

### **Scheme Actuary**

**Alistair Russell-Smith FIA,**

Hymans Robertson LLP, One London Wall, London EC2Y 5EA

### **Investment Consultants**

Barnett Waddingham LLP, St James's House, St James's Square, Cheltenham GL50 3PR

### **Lawyers**

Eversheds Sutherland (International) LLP, One Wood Street, London, EC2V 7WS

### **Auditors**

RSM UK Audit LLP, St Phillips Point, Temple Row, Birmingham B2 5AF

### **Plan Administrator**

Hymans Robertson is the RBP's administrator and should therefore be your first port of call if you have any updates or queries. You can contact them here:

**Post:** **Hymans Robertson LLP, One London Wall, London EC2Y 5EA**

**Email:** **PDSAPensions@hymans.co.uk**

**Phone:** **020 7082 6319**



# Additional information

## Where can I get further information?

The following documents provide further information and are available on request from Karen Hailes, Secretary to RBP Trustee, at PDSA Head Office:

- **The Formal Actuarial Valuation Report** – this contains the details of the Scheme Actuary’s check of the RBP’s funding position as at 31 December 2017.
- **The Statement of Funding Principles** – this explains how the Trustee manages the RBP with the aim of being able to provide the benefits that members have built up.
- **The Schedule of Contributions and Recovery Plan** – these show how much money is being paid into the RBP by PDSA and the contributing members, the Schedule of Contributions includes a certificate from the actuary showing that it is sufficient to meet the requirements set out by law.
- **The Statement of Investment Principles** – this explains how the Trustee invests the money paid into the RBP.
- **The 2019 Annual Report and Accounts of the RBP** – this shows the RBP’s income and expenditure in the year to 31 December 2019.
- **The Annual Actuarial Report** – this contains the details of the Actuary’s approximate check of the RBP’s funding position as at 31 December 2019.



# Appendix 1

## Find out about your pension online

Ever wanted to find out about your pension with the PDSA Retirement Benefits Plan (1978)? Or maybe you've wanted to change your details and needed all the right forms in one place. Well you can do all of these things on our dedicated website.

To register go to: <https://www.pdsarbp.co.uk>

## How to do it

All you have to do is register on the site to be able to do all of these things. You'll have easy access to all the pension scheme documents and forms, and simple explanations about technical pension terms to help you understand more about your retirement savings with the PDSA Retirement Benefits Plan (1978).

SEE BELOW to see how simple it is to do.....

The screenshot shows the homepage of the PDSA Retirement Benefits Plan website. At the top, there is a navigation bar with links for Home, Understanding pensions, Documents and Lists, About us, and Contact us. Below the navigation bar is a large banner image featuring three photos: a woman in a blue lab coat examining a white cat, a person petting a grey rabbit, and a person in a blue lab coat examining a cat. A pink banner across the middle of the images reads "Welcome to the PDSA Retirement Benefits Plan". Below the banner are four main sections: "Log in to your account" with "Login" and "Register" buttons; "Contact Us" with text about finding information and a "Contact Us during the Covid-19 Pandemic" section; "News" with a "Please check here from time to time to see topical news items relating to the PDSA Retirement Benefits Plan (1978) or pensions in general." and a list of news items including "Coronavirus - Fiqad Guidance", "2019 Member Report", and "2018 Member Report"; and "Scheme Information".

## Access your personal information in four simple steps

All you'll need are your:

- National Insurance Number
- Date of Birth
- Postcode (enter 'overseas' if you do not reside in the UK)
- Telephone number, and
- Email address

For help with logging in or registering on the site:

T: **0141 566 7522** E: [pdsa@pensionsweb.hymans.co.uk](mailto:pdsa@pensionsweb.hymans.co.uk)

# Four simple steps

## STEP ONE

Go to <https://pdsarbp.co.uk> and click on Register



Log in to your account

Contact Us

To gain access to your personal information and other secure areas of the site, you need to log in.

Login

Register

If you can't find what you are looking for or have any questions then please contact us.

Contact Us during the COVID-19 period

We'd like to assure you that we have plans in place to ensure that we are able to support you during this time.

## STEP TWO

Enter your National Insurance Number, Date of Birth and Postcode (or overseas in this field). Click 'NEXT'.

## STEP THREE

You'll be prompted to choose a unique username and password, and to enter your email address and telephone number. **Once added, click 'NEXT'**

## STEP FOUR

Finally, you'll be asked to answer a selection of security questions. **Click 'NEXT' when done.**

You will now be registered on the PDSA Retirement Benefits Plan (1978) website.

## What happens next?

You'll receive a letter at your home address with your unique Personal Identification Number (PIN) which you'll need to enter the first time you login to your account. Next time you login to your account you will only need to enter your username and password. Make sure you keep this information safe because it gives access to your personal information.

If you would like more details on anything we have covered in this Member Report or if you have any questions in general please contact:

**Karen Waters-Hewitt, Pensions Manager**

The People's Dispensary for Sick Animals  
Whitechapel Way  
Priorslee  
Telford  
Shropshire  
TF2 9PQ

T: **01952 290999**

E: **[waters-hewitt.karen@pdsa.org.uk](mailto:waters-hewitt.karen@pdsa.org.uk)**

**pdsa.org.uk**

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