

Members Annual Report 2015 – 2016



Welcome to the Members Annual Report from Workers Pension Trust (the Scheme)

This report contains information about the Scheme and also provides a reminder of the key benefits and the investment options available to members.

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Key Features of the Scheme

- ✓ The Scheme provides retirement benefits to members.
- ✓ The Scheme is a 'money purchase' (also known as 'defined contribution') arrangement.
- ✓ All pension contributions made are invested in your Member's Account within the Scheme.
- ✓ Your Member's Account will be used to provide you with a pension and/or a lump sum at retirement.

Benefits of Workers Pension Trust

- ✓ It's a simple way to save for your retirement.
- ✓ You receive tax relief on your contributions.
- ✓ You can choose where to invest contributions.
- ✓ 25% of your fund can be paid as a tax free lump sum.
- ✓ If you change employer, you can take your pension with you.

Looking after the Scheme

Workers Pension Trust Limited, a corporate trustee, was established in 2012 and is responsible for the proper running of all aspects of the Scheme on behalf of members.

Information regarding the duties and responsibilities of pension scheme trustees can be found on the Pensions Regulator website at www.thepensionsregulator.gov.uk

The Scheme is set up under a Trust to ensure that the assets are protected.

Scheme Advisers

The Trustee has appointed the following professional advisers to help them run the Scheme:

Auditors	PricewaterhouseCoopers LLP
Bankers	The Royal Bank of Scotland Plc, Danske Bank
Legal Adviser	Arthur Cox
Third Party Administrator	JLT Benefit Solutions Ltd
Investment Consultants	JLT Investment Consulting
Investment Managers	JLT Investment Management (Mobius Life) Legal & General Investment Management Ltd (L&G)
Custodians	Mobius Life Limited delegates all custodian functions relating to the operations of the fund to third party administrators. The custodians of the L&G Managed Funds are HSBC Global Investor Services and Citibank.

Contributions

The amount you may contribute to your Member's Account is determined by arrangement with your employer.

The minimum contributions required by auto-enrolment legislation are shown in the table below.

Minimum contributions are currently a total of 2% with at least 1% employer contribution.

The minimum contributions are being increased gradually over time. Pension contributions are based on a percentage of earnings.

Date of Introduction	Employer minimum contribution	Employee minimum contribution	Total minimum contribution
Employer's staging date to 5 April 2018	1%	1%	2%
6 April 2018 to 5 April 2019	2%	3%	5%
6 April 2019 onwards	3%	5%	8%

Additional Contributions

Paying additional contributions allows members to make better provision for their retirement by purchasing extra pension. Active members may contribute more than the minimum employee

percentages detailed above by completing the Contribution Change Form available from the Member Resources section of the website at www.workerspensiontrust.co.uk

Tax Relief

When paying into a pension scheme, members may receive tax relief on contributions they make. This means that money that would have gone to the government as tax goes into an individual's pension instead.

Under the net pay arrangement used by the Scheme, pension contributions are deducted from pay before tax is calculated.

If your earnings are below the starting rate for income tax (£11,000 2016/17) you do not benefit from the tax relief that a taxpayer would receive. However, this does not affect the amount that is paid into your pension and you will continue to benefit from the money that your employer pays in.

Death Benefits

As a member of the Scheme, benefits may also be provided for your family and/or dependants when you die:

- ✓ If you die as an Active or Deferred Member of the Scheme your Member's Account may be used to provide a lump sum death benefit.
- ✓ If you die as a Pensioner, your death benefits will depend on the type of pension (annuity) you purchased when you retired.

- ✓ If your employer is participating in the Scheme's Death in Service cover, a lump sum may be payable to your dependants/beneficiaries subject to Scheme rules and insurer terms and conditions, at the discretion of the Trustee. In addition to this, your Member's Account may also be used to provide a lump sum death benefit.

All death benefits paid must be within limits set by Her Majesty's Revenue & Customs (HMRC).

Investment of Contributions

When you joined the Scheme you were asked to choose which investment fund(s) you would like your contributions to be invested in.

You can choose to invest your contributions in any one fund or a combination of the 5 funds available. The investment funds available are:

Lifestyle Strategy Funds	WPT Growth Fund	To provide investment growth through diversified exposure to the UK and overseas equity markets.	Freestyle Funds
	WPT Volatility Reduction Fund	A gilts and bonds fund which aims to provide long-term investment growth with lower short-term volatility.	
	WPT Capital Protection Fund	To provide stability and protect, in capital value terms, that part of the fund that is likely to be taken as tax-free cash.	
	WPT Annuity Protection Fund	To build up exposure to assets that are more closely matched to the investment related influences on annuity prices.	
	WPT Diversified Fund	The WPT Diversified Fund aims to provide a long term investment return similar to equities, with lower short term volatility, through active management.	

If you did not make a specific choice to invest in any of the 5 funds, then the contributions made into your Member's Account will be invested using the default Lifestyle Strategy.

The default Lifestyle Strategy means that your contributions are invested in a combination of the WPT Growth Fund, WPT Capital Protection Fund and WPT Volatility Reduction Fund from joining the scheme until your retirement.

The Lifestyle Strategy is designed to meet the changing investment needs of a typical pension investor as they progress through life towards retirement age. More details on the default lifestyle strategy can be found in the Scheme Booklet available in the Member Resources section of the website at www.workerspensiontrust.co.uk.

If you wish to change your investment fund(s) in the future, please download the Investment Option form available in the Member Resources section of the website at www.workerspensiontrust.co.uk.

The pension that will be available to you when you retire will depend on the amount that has been paid into your Member's Account, the investment growth achieved, and annuity rates (the rate used to convert your fund into a pension at retirement).

It is important to remember, however, that pension investments are intended to be long term and may, at times, experience periods of volatility. The Benefit Statement that you receive each year will clearly show if the value of your investments has reduced or increased.

Scheme Investments

The investments of the Scheme are managed by the Trustee in conjunction with the Scheme's investment managers.

Members are able to allocate contributions to a range of funds (see page 6 for further details).

The table below provides the current value of the Scheme's investment funds. It is important to remember that pension investments are intended to be long-term, and may at times experience periods of volatility. The Benefit Statement that you receive each year will clearly show if the value of your investments have reduced or increased.

Managed Investment Funds	Value at 31 October 2016	% Breakdown
WPT Growth Fund	£12,071,300	80.51
WPT Volatility Reduction Fund	£862,817	5.75
WPT Capital Protection Fund	£1,977,368	13.19
WPT Annuity Protection Fund	£44,789	0.30
WPT Diversified Fund	£36,698	0.25
Total	£14,992,972	100

Market Commentary 2016

2016 was definitely a year of surprises with both Brexit and the US election. We enter 2017 with plenty of unknowns and indeed plenty to consider. Europe has its challenges, particularly on the political front with elections scheduled for the Netherlands, France, Germany and potentially Italy. We will of course be watching and monitoring all aspects very closely.

Some of the key issues from 2016 are detailed below:

- ✓ The fixed income market has seen strong returns in 2016, but was tempered somewhat in the final quarter. Sterling denominated bonds have continued to see pressure following Brexit, particularly as the currency weakened on significant uncertainty. Interest rate rises and falling bond prices are starting to make the sector more appealing but from a very low base.
- ✓ The US economy - equities have continued to rally to all-time highs despite valuations remaining stretched. Some concerns remain that valuations are rich, but the high-quality and more defensive nature of the US market makes it attractive to hold and arguably supports a higher than average valuation relative to the rest of the world.
- ✓ In the UK - a weaker Sterling continues to provide a tailwind for large cap multinationals, as revenue growth is revised higher. From a macro perspective, the post Brexit economic data has been mostly positive, but there has been little 'hard data' to go on, so investors should not read into this too much. The real impact of Brexit is yet to be felt.
- ✓ The Eurozone is in for a long and gruelling election season, which was kicked off by the concluded constitutional referendum in Italy, leading to the ousting of Prime Minister Matteo Renzi. In a departure from the response to Brexit and Trump's election win,

markets remained relatively tranquil as investors looked past the political turmoil in Italy. The road ahead for European equities is littered with obstacles in the form of a taxing election calendar and a struggling banking sector. We believe the risks are high for the region and are keeping holdings at a relatively low level.

- ✓ Japan - The appreciating Yen has been a headwind for corporate margins for much of the year, however, given more fiscal stimulus there is potential up-side for the economy next year. Over the near-term, the Bank of Japan has reiterated its commitment to achieve its inflation target of 2% along with its intentions to lower real rates by moving interest rates further into negative territory. In light of these developments, a case could be made for the Yen to depreciate in the coming months, which would be beneficial for Japanese equities.
- ✓ In Asia, Emerging Markets are trading at a significant discount and continue to look attractive versus their developed market peers on a pure valuation basis. Investors' sentiment towards the area has improved and if currencies continue to gain ground and we see some firming in commodity prices, we could see this asset class attracting further capital inflows.

There are many forks in the road ahead, where important decisions will have widespread impacts on global economies and investment markets. Whether 2017 continues this trend remains to be seen, however global growth is gradually creeping upwards and interest rates in some parts of the world are starting the path to normalisation.

It should be noted that the Trustee continuously reviews the way that the Scheme assets are invested to seek greatest returns with lower risk where possible.

Changes to Pensions Legislation 2015-2016

New legislation effective from 1 October 2015 means that the benefits available when you leave the Scheme depend on whether you joined the Scheme before or on or after 1 October 2015.

If you joined the Scheme before 1 October 2015

- ✓ Qualifying Service is less than 3 months
If your Qualifying Service is less than 3 months, you will receive a refund of your own Member Contributions (if any) after deduction of any relevant tax. If you participate in pension Salary Exchange arrangements, Member Contributions will not be made and therefore you will not receive a refund of contributions. You will have no further entitlement under the Scheme and no benefit of your Participating Employer's contributions.
- ✓ Qualifying Service is at least 3 months but less than 2 years
If your Qualifying Service is at least 3 months but less than 2 years, you will be given the option to transfer your benefits to another registered pension scheme or to take a refund of your own Member Contributions (if any) after deduction of any relevant tax. If you do not choose to transfer within 3 months of your options being provided to you, a refund of your Member Contributions less deductions will be paid to you. If you participate in pension Salary Exchange arrangements, Member Contributions will not be made and therefore you will not receive a refund of contributions. If you rejoin the Scheme before a refund or transfer sum has been paid you can be retained in the Scheme and your periods of service aggregated.
- ✓ Qualifying Service is 2 years or more
If your Qualifying Service is 2 years or more, or if you have transferred in benefits from a previous pension arrangement, your Member's Account will remain invested on your behalf to provide you with a deferred pension.

If you join the Scheme on or after 1 October 2015

- ✓ Qualifying Service is less than 30 days
If your Qualifying Service is less than 30 days, you will receive a refund of your own Member Contributions (if any) after deduction of any relevant tax. If you participate in pension Salary Exchange arrangements, Member Contributions will not be made and therefore you will not receive a refund of contributions. You will have no further entitlement under the Scheme and no benefit of your Participating Employer's contributions.
- ✓ Qualifying Service is 30 days or more
If your Qualifying Service is 30 days or more, or if you have transferred in benefits from a previous pension arrangement, your Member's Account will remain invested on your behalf to provide you with a deferred pension.

Scheme Documents

Copies of the following documents are available from the Member Resources section of the Scheme's website:

Scheme Booklet

The Scheme Booklet provides details of the Scheme and the benefits that it provides.

Expression of Wish Form

The Trustee will decide who should receive benefits in the event of your death. However, you should complete the Expression of Wish Form as this will let the Trustee know who you would like the benefits to be paid to. It is important that you keep your Expression of Wish Form up to date to let the Trustee know if your circumstances have changed.

Change of Details Form

It is important that you keep the Trustee informed of any changes to your personal details. Please use the Change of Details Form to let the Trustee know if your details change.

Contribution Change Form

Additional Contributions allow you to make better provision for your retirement by purchasing extra pension. Members may contribute more than the minimum employee percentages required by auto-enrolment. If you are interested in paying Additional Contributions please complete the Contribution Change Form and pass it to your employer.

Copies of the following documents are available on request from the Scheme:

Trust Deed and Rules

The Trust Deed and Rules contain all the provisions which govern the terms of the Scheme.

Annual Report and Accounts

Shows the Scheme's finances.

Statement of Investment Principles

The Trustee maintains a Statement of Investment Principles which explains how the Trustee invests the money paid into the Scheme.

Scheme Contact Details

If you have any queries about the Scheme please contact:

Workers Pension Trust

143 Malone Road
Belfast
BT9 6SX

Telephone No: 028 9087 7142

E-mail: info@workerspensiontrust.co.uk

Further information about Workers Pension Trust is available at
www.workerspensiontrust.co.uk.

Further Information

Where can I get advice?

Your Participating Employer may be able to help you with issues of fact and some elements of the administration of the Scheme, but cannot provide financial advice. If you need financial advice, it is recommended that you contact a Financial Adviser.

The Scheme has arranged for you to be able to access Independent Financial Advice if you wish through JLT Pension Decision, telephone 0345 072 6774 or email advicecentre@jltgroup.com

Alternatively, you may wish to use your own financial adviser, or contact the Association of Professional Financial Advisers for a list of advisers on 020 7628 1287, email: info@apfa.net or visit the website: www.apfa.net

Dispute Resolution

The Trustee aims to administer and manage the Scheme to high standards, but there may be times when you are unhappy about something concerning your benefits or membership of the Scheme in general.

Most queries and problems stem from a misunderstanding of information and can normally be quickly and informally resolved without the need to use any formal procedures. As a first point of call you should refer any query or problem to the Scheme Administrator.

If you have not been able to resolve any complaint about the Scheme informally, there is a two-stage formal procedure that you may use. Full details may be obtained from the Trustee by contacting the Scheme Administrator at the address on Page 10.

Stage 1: You should put your case in writing to the Scheme Administrator who will fully consider your complaint and who will normally give you a decision within two months.

Stage 2: If you are not satisfied with the decision, you can appeal to the Trustee to consider your complaint within six months of the initial decision. You will normally receive a decision from them within two months.

Special application forms are available to make a complaint or appeal. If you wish, you may use a representative to act on your behalf.

The internal dispute resolution procedures apply to matters concerning the Scheme that affect Members and others who may have an interest in the Scheme. They do not apply to disputes between Employees and Employers or to disputes where court proceedings have started or that are being investigated by the Pensions Ombudsman.

The Pensions Advisory Service

Members and beneficiaries of occupational pension schemes who have concerns about their scheme, and are not satisfied by the information or explanation given by the administrators or the Trustee, can consult with The Pensions Advisory Service (TPAS). A local TPAS adviser can usually be contacted through a Citizens Advice Bureau. Alternatively TPAS can be contacted at:

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB

Helpline: 0300 123 1047

www.pensionsadvisoryservice.org.uk

Pensions Ombudsman

In cases where a complaint or dispute cannot be resolved, normally after the intervention of TPAS, an application can be made to the Pensions Ombudsman to investigate and determine any complaint or dispute of fact or law involving occupational pension schemes.

The address is:

Pensions Ombudsman Service
11 Belgrave Road
London
SW1V 1RB

Telephone: 020 7630 2200

www.pensions-ombudsman.org.uk

The Pensions Regulator

The statutory regulator for occupational pension schemes is The Pensions Regulator which aims to protect the benefits built up by members and improve standards of scheme administration. It is able to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties. It can be contacted at:

The Pensions Regulator

Napier House

Trafalgar Place

Brighton

BN1 4DW

Telephone: 0345 600 0707

www.thepensionsregulator.gov.uk

Pension Wise

Pension Wise is a free and impartial government service that helps you to understand your pension options. You can book an appointment to get guidance face-to-face or over the phone to talk about your pension options and what you can do next.

✓ **Face to face guidance**

Telephone: 028 9023 6522

www.citizensadvice.co.uk

✓ **The Pensions Advisory Service (TPAS)**

Telephone guidance.

Telephone 0300 123 1047

www.pensionsadvisoryservice.org.uk

✓ **Pension Wise**

Online service.

www.pensionwise.gov.uk

Pension Scams

Members are warned that if they take a cash lump sum from their pension to invest somewhere else scammers may operate in this market. An information leaflet on how to identify scams can be found at www.pensionsadvisoryservice.org.uk/content/publications-files/uploads/members_detailed_booklet_7_page.pdf

Pension Tracing Service

If you believe that you have an entitlement to pension benefits under a previous pension arrangement, and you have lost contact with that arrangement, you may contact the Pension Tracing Service whose staff will assist in finding the relevant scheme. The Pension Tracing Service is free and can be contacted at:

Pension Tracing Service

The Pension Service 9

Mail Handling Site A

Wolverhampton

WV98 1LU

Tel: 0345 600 2537

www.gov.uk/find-lost-pension

Workers Pension Trust
143 Malone Road
Belfast BT9 6SX

Telephone 028 9087 7142

Email info@workerspensiontrust.co.uk

Web www.workerspensiontrust.co.uk

